

The background of the page features a series of abstract, flowing lines in various shades of blue and white. These lines originate from the bottom left and sweep upwards and to the right, creating a sense of movement and depth. The lines vary in thickness and opacity, with some appearing as sharp, solid strokes and others as softer, more ethereal washes of color.

**CITY OF OLMSTED FALLS
CUYAHOGA COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2022**

Zupka
& ASSOCIATES

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City of Olmsted Falls, Ohio
Basic Financial Statements
For The Year Ended December 31, 2022

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ACCOUNTANT'S COMPILATION REPORT

To Members of City Council
City of Olmsted Falls, Ohio

Management is responsible for the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Olmsted Falls, Cuyahoga County, Ohio, as of and for the year ended December 31, 2022, which collectively comprise the City of Olmsted Falls, Ohio's basic financial statements as listed in the table of contents 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 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 assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 16, the Required Supplementary Information on pages 84 through 97, and the Notes to the Required Supplementary Information on pages 98 and 100 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information is the representation of management and was subject to our compilation engagement, however, we have not audited or reviewed the information and accordingly, we do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.



Zupka & Associates
Certified Public Accountants

May 1, 2023

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City of Olmsted Falls, Ohio

Management's Discussion and Analysis For the Year Ended December 31, 2022 (Unaudited)

The management's discussion and analysis of the City of Olmsted Falls (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. 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 2022 are as follows:

- The total net position of the City increased \$2,813,210 or 8.85% compared to 2021.
- General revenues accounted for \$7,018,080 or 62.43% of total governmental activities revenue. Program specific revenues accounted for \$4,223,904 or 37.57% of total governmental activities revenue.
- The City had \$8,428,774 in expenses related to governmental activities; these expenses were partially offset by program specific charges for services, grants or contributions.
- The City's major governmental funds are the General Fund and the Sanitary Sewers Fund. The General Fund had revenues and other financing sources of \$6,437,676 in 2022. The General Fund had expenditures and other financing uses of \$5,702,686. The net increase in fund balance for the General Fund was \$734,990 or 26.70%. The General Fund transferred out \$240,002 to cover the cost of other governmental funds.
- The Sanitary Sewers Fund revenues and other financing sources account for \$6,443,173 in 2022. The expenditures of the Sanitary Sewers Fund, totaled \$7,312,846 in 2022. The net decrease in fund balance for the Sanitary Sewers Fund was \$869,673. This was due to the project costs incurred during the year.
- In the General Fund, the actual revenues and other financing sources came in \$837,508 more than they were in the final budget and actual expenditures and other financing uses were \$175,085 less than the amount in the final budget.

Using this Annual Financial Report

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

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

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and statement of activities, the governmental activities include the City's programs and services, including police, fire and rescue, street maintenance, capital improvements and general administration. These services are funded primarily by property and municipal income taxes and intergovernmental revenues including federal and state grants and other shared revenues. These financial statements can be found on page 17-18 of this report.

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental funds, which includes the General Fund and Sanitary Sewers Fund begins on page 14.

Governmental Funds

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

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the General Fund and Sanitary Sewers Fund. Information for major funds is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to the Basic financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-83 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements are the required supplementary information and notes to the required supplementary information related to the net pension liability, net OPEB liability, Net OPEB Asset. This information can be found on pages 84-100 of the report.

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table on the following page provides a summary of the City's net position for 2022 compared to 2021.

Table 1 - Net Position

	Governmental Activities	
	2022	2021*
<u>Assets</u>		
Current and Other Assets	\$ 13,239,873	\$ 15,270,174
Capital Assets	36,885,729	36,800,652
Net OPEB Asset	325,399	180,367
Total Assets	50,451,001	52,251,193
<u>Deferred Outflows of Resources</u>		
Pension	1,482,862	887,492
OPEB	363,321	537,066
Total Deferred Outflows of Resources	1,846,183	1,424,558
<u>Liabilities</u>		
Long-term Liabilities	10,320,300	15,057,382
Other Liabilities	1,716,849	2,113,551
Total Liabilities	12,037,149	17,170,933
<u>Deferred Inflows of Resources</u>		
Property Taxes and Leases	2,527,377	2,553,734
Pension	2,572,602	1,373,041
OPEB	573,147	804,344
Total Deferred Inflows of Resources	5,673,126	4,731,119
<u>Net Position</u>		
Net Investment in Capital Assets	31,503,337	27,288,575
Restricted	4,217,178	7,144,454
Unrestricted	(1,133,606)	(2,659,330)
Total Net Position	\$ 34,586,909	\$ 31,773,699

*Restated

The net pension liability (NPL) is one of the largest single liabilities reported by the City at December 31, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." Previously, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, and Net OPEB Asset.

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

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

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

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

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

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

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

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

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

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,586,909.

Capital assets reported on the government wide statements represent the largest portion of the City's net position. At year-end, capital assets represented 73.11% of total assets. Capital assets include land, construction in progress, buildings, improvements other than building, machinery, equipment & vehicles and infrastructure. Net investment in capital assets at December 31, 2022, was \$31,503,337 in the governmental activities. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$4,217,178, represents resources that are subject to external restriction on how they may be used.

Current and Other Assets decreased by \$2,030,301, or 13.30%, which was a result of the City carrying an intergovernmental receivable related to the Columbia/Cook sewer project. Other Liabilities decreased \$396,702, or 18.77%. This was a result of the City maintaining payables at the end of 2021 related to the aforementioned sewer project. Deferred Outflows of Resources increased by \$421,625, or 29.60%, Long-term Liabilities decreased by \$4,737,082, or 31.46%, and Deferred Inflows of Resources increased by \$942,007, or 19.91%. These changes to Deferred Outflows/Inflows were primarily due to the pension and OPEB adjustments per GASB 68 and 75. The changes to Long-term Liabilities is related to the pay of the Notes Payable that was issued for the sewer project

The table presented below is necessary to show the City's Net Position without the implementation of GASB 68 and GASB 75.

Table 2 - Net Position Without GASB 68 and GASB 75

Total Net Position including GASB 68 and GASB 75	\$ 34,586,909
Add:	
Net Pension liability	4,058,172
Net OPEB Liability	541,593
Deferred Inflows - Pension	2,572,602
Deferred Inflows - OPEB	573,147
Less:	
Deferred Outflows - Pension	1,482,862
Deferred Outflows - OPEB	363,321
Net OPEB Asset	325,399
Total Net Position without GASB 68 and GASB 75	<u>\$ 40,160,841</u>

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

The table below shows the changes in net position for the fiscal years 2022 and 2021.

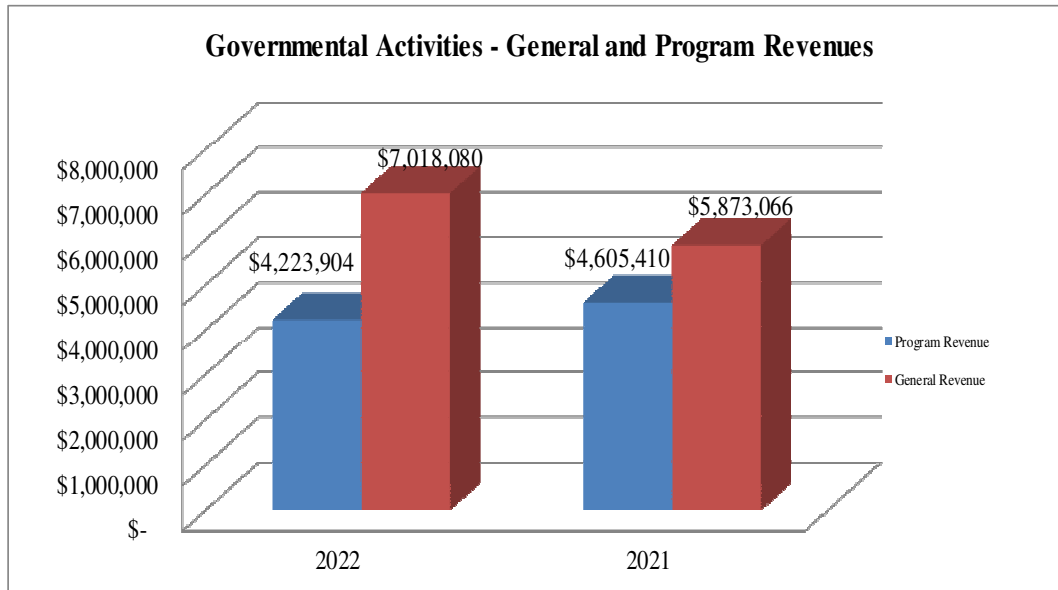
Table 3 - Change in Net Position

	Governmental Activities	
	2022	2021*
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 1,779,350	\$ 1,897,084
Operating Grants and Contributions	1,349,543	785,761
Capital Grants and Contributions	1,095,011	1,922,565
Total Program Revenues	4,223,904	4,605,410
General Revenues		
Property Taxes	1,944,824	1,769,811
Municipal Income Taxes	4,350,157	3,527,021
Investment Earnings	131,056	3,451
Grants and Entitlements not Restricted to Specific Programs	497,181	463,642
All Other Revenue	80,483	25,159
Gain on Sale of Capital Assets	14,379	83,982
Total General Revenues	7,018,080	5,873,066
Total Revenues	11,241,984	10,478,476
<u>Expenses</u>		
Program Expenses		
Security of Persons and Property	3,389,781	3,132,531
Public Health Services	911,477	844,352
Basic Utility Services	314,722	497,445
Community Environment	365,139	217,513
Leisure Time Activities	254,166	93,761
Transportation	1,633,220	1,327,381
General Government	1,474,175	943,939
Interest and Fiscal Charges	86,094	93,968
Total Program Expenses	8,428,774	7,150,890
Change in Net Position	2,813,210	3,327,586
Net Position, Beginning of Year	31,773,699	28,446,113
Net Position, End of Year	\$ 34,586,909	\$ 31,773,699

* Certain reclassifications have made to the financial statements

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)



Governmental Activities

Governmental activities net position increased \$2,813,210 in 2022. This increase is mainly attributed to the increases in Municipal Income Taxes, Property Taxes, and Investment Earnings. Those three revenue sources combined to increase \$1,125,754 from 2021.

Capital Grants and Contributions decreased by \$827,554, or 43.04%, due to the City receiving significantly more grants from outside sources to assist in funding the Columbia/Cook Sanitary Sewer Project in 2021. Operating Grant and Contributions increased by \$563,782, or 71.75%, as compared to 2021. The increase is mainly attributed to the City utilizing more of their ARPA funds during 2022 as compared to 2021.

General revenues totaled \$7,018,080 and amounted to 62.43% of total governmental revenues. These revenues primarily consist of property and municipal income tax revenue of \$6,294,981. This was an increase of \$998,149, or 18.84%. This was due to the increase in property tax values from the reappraisal and increase in payroll taxes collected. Investment Earnings increased by \$127,605, or 3,697.62%, which was due to the rising interest rate.

Governmental activities programs expenses totaled \$8,428,774 which is a \$1,277,884 increase as compared to 2021. Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$3,389,781 of the total expenses of the City. The increase as compared to 2021 is due to a 2021 reduction of expenditures in GASB 68 & GASB 75 calculation. These expenses were partially funded by \$322,470 in direct charges to users of the services, \$57,887 in operating grants. Transportation expenses totaled \$1,633,220 and were funded by \$291,816 in direct charges to users of these services, and \$663,102 in operating grants and contributions.

City of Olmsted Falls, Ohio

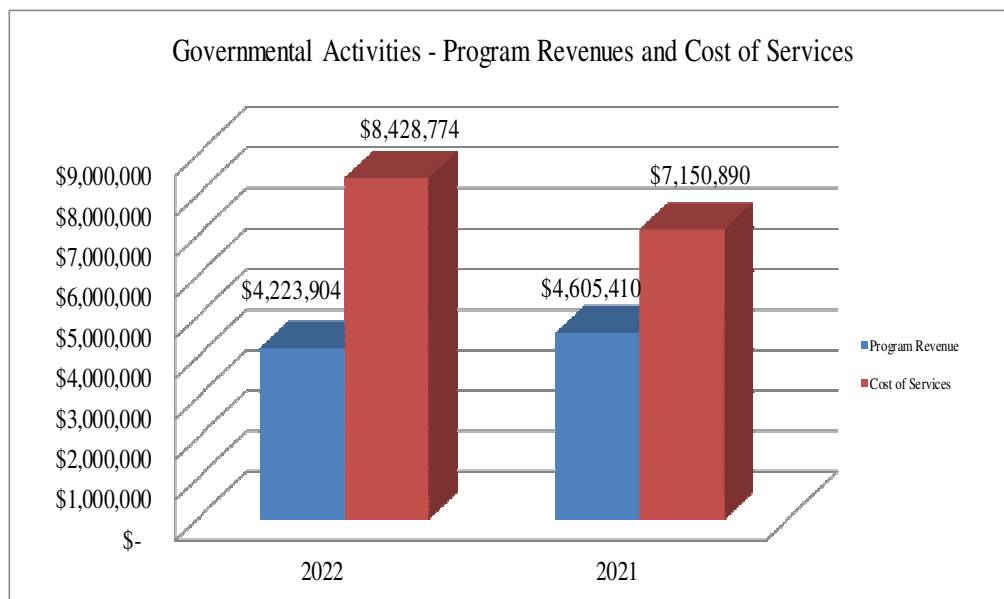
Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

As can be seen in the following graph, the City is highly dependent upon property and municipal income taxes as well as unrestricted grants and entitlements to support its governmental activities.

Table 4 - Program Expenses

	2022		2021	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<i>Governmental Activities:</i>				
Security of Persons and Property	\$ 3,389,781	\$ 3,009,424	\$ 3,132,531	\$ 2,746,132
Public Health Services	911,477	911,477	109,624	106,378
Basic Utility Services	314,722	(1,724,950)	1,232,173	(1,789,550)
Community Environment	365,139	93,027	217,513	(130,010)
Leisure Time Activities	254,166	97,166	93,761	70,761
Transportation	1,633,220	678,302	1,327,381	687,978
General Government	1,474,175	1,054,330	943,939	759,823
Interest and Fiscal Charges	86,094	86,094	93,968	93,968
Total Expenses	\$ 8,428,774	\$ 4,204,870	\$ 7,150,890	\$ 2,545,480



City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$6,273,617 which is \$76,175 less than last year's balance of \$6,349,792. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and nonmajor governmental funds.

	Fund Balance		
	2022	2021	Increase (Decrease)
General	\$ 3,487,628	\$ 2,752,638	\$ 734,990
Sanitary Sewers	125,081	994,754	(869,673)
Other Governmental Funds	2,660,908	2,602,400	58,508
	<u>\$ 6,273,617</u>	<u>\$ 6,349,792</u>	<u>\$ (76,175)</u>

The General Fund balance increased by \$734,990. The table that follows assists in illustrating the revenues of the General Fund.

	2022	2021	Percentage Change
Revenues			
Municipal Income Taxes	\$ 3,887,783	\$ 3,188,976	21.91%
Property Taxes	609,697	509,061	19.77%
Licenses and Permits	218,776	326,589	-33.01%
Intergovernmental	316,080	298,868	5.76%
Charges for Services	1,119,207	1,080,395	3.59%
Fines and Forfeitures	95,819	82,971	15.48%
Investment Income	120,081	14,426	732.39%
Lease	26,393	-	0.00%
Sale of Capital Assets	410	9,458	-95.67%
All Other Revenues	19,372	8,438	129.58%
Total Revenues	<u>\$ 6,413,618</u>	<u>\$ 5,519,182</u>	16.21%

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

Municipal Income Taxes increased by \$698,807, or 21.91%, due to the economy opening back up during 2022. Licenses and permits decreased by \$107,813, or 33.01%. Property Taxes increased by \$100,636, or 19.77%, due to the increase in the appraisal values. Investment Income increased \$105,655, or 732.39%, due to the rising interest rates.

The following table assists in illustrating the expenditures of the General Fund.

	2022	2021*	Percentage Change
<u>Expenditures</u>			
Security of Persons and Property	\$ 2,387,111	\$ 2,229,763	7.06%
Public Health Services	741,832	783,909	-5.37%
Community Environment	309,658	289,729	6.88%
Basic Utility Services	115,003	17,786	546.59%
Transportation	439,112	365,247	20.22%
General Government	1,441,269	1,228,936	17.28%
Principal Retirement	24,639	19,404	26.98%
Interest and Fiscal Charges	4,060	-	0.00%
Transfers Out	240,002	216,000	11.11%
Total Expenditures	\$ 5,702,686	\$ 5,150,774	10.72%

* Certain reclassifications have made to the financial statements

Security of Persons and Property expenditures increased by \$157,348, or 7.06%. General Government increased by \$212,333, or 17.28%. Both increases were a result of wage increases and the City's investment in updated equipment and vehicles.

Sanitary Sewers Fund

The Sanitary Sewers Fund had revenues and other financing sources of \$6,443,173 in 2022. The expenditures of the Sanitary Sewers Fund, totaled \$7,312,846 in 2022. The net decrease in fund balance for the Sanitary Sewers Fund was \$869,673. The decrease was due to the construction work completed on the Columbia/Cook Sanitary Sewers in 2022.

Budgeting Highlights

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated resources certified by the Budget Commission in accordance with the ORC. If budgeted revenues are adjusted due to activity, then appropriations can be adjusted accordingly.

In the General Fund, the actual revenues and other financing sources came in \$837,508 more than the final budgeted amounts and actual expenditures and other financing uses were \$175,085 less than the amount in the final budget.

City of Olmsted Falls, Ohio

Management's Discussion and Analysis (Continued) For the Year Ended December 31, 2022 (Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the City had \$36,885,729 (net of accumulated depreciation) invested in land, construction in progress, buildings, improvements other than buildings, machinery, equipment, vehicles and infrastructure. The table below shows fiscal 2022 balances compared to 2021.

Capital Assets at December 31 (Net of Depreciation)		
	Governmental Activities	
	2022	2021
Land	\$ 1,459,687	\$ 1,459,687
Construction-in-Progress	-	12,124,975
Buildings	5,650,031	5,748,086
Improvements Other Than Buildings	1,011,784	908,074
Machinery, Equipment, and Vehicles	1,753,009	1,455,605
Infrastructures	27,011,218	15,104,225
Total Capital Assets	\$ 36,885,729	\$ 36,800,652

Refer to Note 9 for additional information on the City's capital assets.

Debt Obligations

The City had the following debt obligations outstanding at December 31, 2022 and 2021:

Outstanding Debt at December 31		
	Governmental Activities	
	2022	2021
General Obligation Bonds	\$ 1,035,000	\$ 1,155,000
W&SRC Loan	396,075	396,075
OWDA Loans	3,654,846	630,640
OPWC Loans	207,370	184,332
Financed Purchase Payables	54,030	-
Notes Payable (Net of unamortized premiums)	-	6,479,818
Compensated Absences	373,214	329,066
Total Outstanding Debt	\$ 5,720,535	\$ 9,174,931

Refer to Note 11 for additional information on the City's debt obligations.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives, spends, or invests. If you have any questions about this report or need additional financial information, contact Mr. Cory Swaisgood, Director of Finance, City of Olmsted Falls, 26100 Bagley Rd., Olmsted Falls, Ohio 44138-1897.

City of Olmsted Falls, Ohio

Statement of Net Position December 31, 2022

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 6,633,631
Materials and Supplies Inventory	11,524
Accounts Receivable	882,945
Accrued Interest Receivable	8,514
Intergovernmental Receivable	540,748
Prepaid Items	119,919
Municipal Income Taxes Receivable	1,581,278
Property Taxes Receivable	2,010,910
Special Assessments Receivable	646,939
Lease Receivable	638,536
Loans Receivable	164,929
Nondepreciable Capital Assets	1,459,687
Depreciable Capital Assets	35,426,042
Net OPEB Asset	325,399
Total Assets	50,451,001
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,482,862
OPEB	363,321
Total Deferred Outflows of Resources	1,846,183
LIABILITIES	
Accounts Payable	224,597
Accrued Wages and Benefits	125,709
Intergovernmental Payable	49,063
Matured Compensated Absences Payable	21,024
Accrued Interest Payable	6,505
Unearned Revenue	1,089,951
Notes Payable	200,000
Long-term Liabilities:	
Due within one year	411,657
Due in more than one year:	
Net Pension Liability (See Note 14)	4,058,172
Net OPEB Liability (See Note 15)	541,593
Other Amounts	5,308,878
Total Liabilities	12,037,149
DEFERRED INFLOWS OF RESOURCES	
Property Taxes and Lease	2,527,377
Pension	2,572,602
OPEB	573,147
Total Deferred Inflows of Resources	5,673,126
NET POSITION	
Net Investment in Capital Assets	31,503,337
Restricted for:	
Debt Service	420,104
Capital Projects	920,747
Sanitary Sewer Improvements	800,730
Road Improvements	1,233,100
Other Purposes	842,497
Unrestricted	(1,133,606)
Total Net Position	\$ 34,586,909

The notes to the basic financial statements are an integral part of this statement.

City of Olmsted Falls, Ohio

Statement of Activities For the Year Ended December 31, 2022

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in Net</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Position</u>
					<u>Governmental</u>
					<u>Activities</u>
Primary Government:					
Governmental Activities:					
Security of Persons and Property	\$ 3,389,781	\$ 322,470	\$ 57,887	\$ -	\$ (3,009,424)
Public Health Services	911,477	-	-	-	(911,477)
Leisure Time Activities	254,166	7,000	-	150,000	(97,166)
Community Environment	365,139	191,097	81,015	-	(93,027)
Basic Utility Services	314,722	961,590	133,071	945,011	1,724,950
Transportation	1,633,220	291,816	663,102	-	(678,302)
General Government	1,474,175	5,377	414,468	-	(1,054,330)
Interest and Fiscal Charges	86,094	-	-	-	(86,094)
Total Governmental Activities	<u>\$ 8,428,774</u>	<u>\$ 1,779,350</u>	<u>\$ 1,349,543</u>	<u>\$ 1,095,011</u>	<u>(4,204,870)</u>
General Revenues:					
Property Taxes levied for:					
General Purposes					609,508
Other Purposes					1,335,316
Municipal Income Taxes levied for:					
General Purposes					3,843,947
Capital Outlay					506,210
Grants & Entitlements not restricted to specific programs					497,181
Investment Income					131,056
Gain on Sale of Capital Assets					14,379
All Other Revenues					80,483
Total General Revenues					<u>7,018,080</u>
Change in Net Position					<u>2,813,210</u>
Net Position - Beginning of Year					<u>31,773,699</u>
Net Position - End of Year					<u>\$ 34,586,909</u>

The notes to the basic financial statements are an integral part of this statement.

City of Olmsted Falls, Ohio

Balance Sheet Governmental Funds December 31, 2022

	General Fund	Sanitary Sewers	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 2,798,246	\$ 125,216	\$ 3,710,169	\$ 6,633,631
Materials and Supplies Inventory	576	-	10,948	11,524
Accrued Interest Receivable	8,514	-	-	8,514
Accounts Receivable	824,377	-	58,568	882,945
Interfund Receivable	324,007	-	480,854	804,861
Intergovernmental Receivable	139,995	-	400,753	540,748
Prepaid Items	119,919	-	-	119,919
Municipal Income Taxes Receivable	1,391,524	-	189,754	1,581,278
Property Taxes Receivable	630,647	-	1,380,263	2,010,910
Special Assessments Receivable	-	-	646,939	646,939
Loans Receivable	164,929	-	-	164,929
Leases Receivable	638,536	-	-	638,536
Total Assets	\$ 7,041,270	\$ 125,216	\$ 6,878,248	\$ 14,044,734
LIABILITIES, DEFERRED INFLOWS OF RESOURCES & FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 180,380	\$ 135	\$ 44,082	\$ 224,597
Accrued Wages and Benefits	117,166	-	8,543	125,709
Intergovernmental Payable	47,744	-	1,319	49,063
Matured Compensated Absences Payable	21,024	-	-	21,024
Accrued Interest Payable	-	-	3,233	3,233
Interfund Payable	-	-	804,861	804,861
Unearned Revenue	345,572	-	744,379	1,089,951
Notes Payable	-	-	200,000	200,000
Total Liabilities	711,886	135	1,806,417	2,518,438
Deferred Inflows of Resources:				
Property Taxes	1,221,260	-	1,306,117	2,527,377
Unavailable Revenue - Delinquent Property Taxes	34,029	-	74,146	108,175
Unavailable Revenue - Municipal Income Taxes	710,742	-	100,225	810,967
Unavailable Revenue - Special Assessments	-	-	646,939	646,939
Unavailable Revenue - Other	875,725	-	283,496	1,159,221
Total Deferred Inflows of Resources	2,841,756	-	2,410,923	5,252,679
Fund Balances:				
Nonspendable	637,796	-	10,948	648,744
Restricted	-	125,081	3,004,675	3,129,756
Committed	53,873	-	79,075	132,948
Assigned	337,370	-	-	337,370
Unassigned (Deficit)	2,458,589	-	(433,790)	2,024,799
Total Fund Balances	3,487,628	125,081	2,660,908	6,273,617
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 7,041,270	\$ 125,216	\$ 6,878,248	\$ 14,044,734

The notes to the basic financial statements are an integral part of this statement.

City of Olmsted Falls, Ohio

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities December 31, 2022

Total Governmental Fund Balances	\$	6,273,617
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*Amounts reported for Governmental Activities in the Statement of Net Position
are different because:*

Capital Assets used in Governmental Activities are not financial resources
and, therefore, are not reported in the funds. 36,885,729

Other long-term assets are not available to pay for current-period expenditures
and, therefore, are reported as unavailable revenues in the funds:

Delinquent Property taxes	\$	108,175	
Municipal Income taxes		810,967	
Special Assessments		646,939	
Intergovernmental		363,744	
Charges for Services		795,477	
Total			2,725,302

In the Statement of Activities, interest is accrued on outstanding
debt, whereas in Governmental funds, an interest expenditure
is reported when due. (3,272)

The net pension liability and net OPEB liability are not due and payable in the current period;
and the net OPEB asset and liability is not available for spending in the current period;
therefore, the liability, asset, and related deferred inflows/outflows are not reported
in governmental funds:

Deferred Outflows - Pension	1,482,862	
Deferred Inflows - Pension	(2,572,602)	
Deferred Outflows - OPEB	363,321	
Deferred Inflows - OPEB	(573,147)	
Net OPEB Asset	325,399	
Net OPEB Liability	(541,593)	
Net Pension Liability	(4,058,172)	
Total		(5,573,932)

Long-term liabilities, including loans payable, are not due and payable in the
current period and therefore are not reported in the funds:

OPWC Loan	(207,370)	
General Obligation bonds	(1,035,000)	
OWDA Loans	(3,654,846)	
Financed Lease Purchases	(54,030)	
Ohio W&SRC Loan	(396,075)	
Compensated Absences	(373,214)	
Total		(5,720,535)

Net Position of Governmental Activities	\$	<u>34,586,909</u>
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The notes to the basic financial statements are an integral part of this statement.

City of Olmsted Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2022

	General Fund	Sanitary Sewers	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 609,697	\$ -	\$ 1,335,803	\$ 1,945,500
Municipal Income Taxes	3,887,783	-	511,446	4,399,229
Intergovernmental	316,080	2,059,787	1,516,631	3,892,498
Investment Income	120,081	-	-	120,081
Licenses and Permits	218,776	-	-	218,776
Fines and Forfeitures	95,819	-	11,247	107,066
Lease	26,393	-	-	26,393
Charges for Services	1,119,207	-	291,807	1,411,014
Contributions and Donations	-	-	615	615
Special Assessments	-	329,414	260,743	590,157
All Other Revenues	19,372	-	51,994	71,366
Total Revenues	6,413,208	2,389,201	3,980,286	12,782,695
EXPENDITURES				
Security of Persons and Property	2,387,111	-	1,181,520	3,568,631
Public Health Services	741,832	-	53,157	794,989
Leisure Time Activities	-	-	329,656	329,656
Community Environment	309,658	-	134,843	444,501
Basic Utility Services	115,003	-	296,820	411,823
Transportation	439,112	-	976,681	1,415,793
General Government	1,441,269	-	502,101	1,943,370
Capital Outlay	-	80,054	224,798	304,852
Debt Service:				
Principal Retirement	24,639	7,129,818	442,201	7,596,658
Interest and Fiscal Charges	4,060	78,648	57,672	140,380
Bond Issuance Costs	-	24,326	5,500	29,826
Total Expenditures	5,462,684	7,312,846	4,204,949	16,980,479
Excess of Revenues Over (Under) Expenditures	950,524	(4,923,645)	(224,663)	(4,197,784)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	410	-	23,085	23,495
Proceeds from Financed Purchases Payable	24,058	-	55,086	79,144
OWDA Loans Issued	-	3,976,529	-	3,976,529
OPWC Loans Issued	-	42,441	-	42,441
Transfers In	-	35,002	205,000	240,002
Transfers Out	(240,002)	-	-	(240,002)
Total Other Financing Sources (Uses)	(215,534)	4,053,972	283,171	4,121,609
Net Change in Fund Balances	734,990	(869,673)	58,508	(76,175)
Fund Balances - Beginning of Year	2,752,638	994,754	2,602,400	6,349,792
Fund Balances - End of Year	\$ 3,487,628	\$ 125,081	\$ 2,660,908	\$ 6,273,617

The notes to the basic financial statements are an integral part of this statement.

City of Olmsted 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, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ (76,175)
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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 Outlay	\$ 796,735	
Depreciation	<u>(711,658)</u>	
Total		85,077

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

Delinquent Property taxes	(676)	
Municipal Income taxes	(49,072)	
Special Assessments	(98,359)	
Intergovernmental	(1,443,175)	
Charges for Services	<u>16,101</u>	
Total		(1,575,181)

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of the Loans and financed purchase payables. (4,098,114)

Repayment of debt principal are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 7,596,658

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

Pension	526,670	
OPEB	7,867	

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/Asset are reported as pension/OPEB expense in the statement of activities.

Pension	91,688	
OPEB	223,659	

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated absences	(44,148)	
Amortization of note premium	31,095	
Accrued interest	<u>44,114</u>	
Total		31,061

Change in Net Position of Governmental Activities	<u><u>\$ 2,813,210</u></u>
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The notes to the basic financial statements are an integral part of this statement.

City of Olmsted Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 499,860	\$ 533,699	\$ 609,697	\$ 75,998
Municipal Income Taxes	3,077,524	3,285,863	3,753,763	467,900
Charges for Services	923,066	985,555	1,125,896	140,341
Licenses and Permits	187,581	200,280	228,799	28,519
Fines and Forfeitures	64,831	69,220	79,077	9,857
Intergovernmental	255,633	272,939	311,805	38,866
Investment Income	86,233	92,070	94,206	2,136
All Other Revenues	25,267	26,977	30,817	3,840
Total Revenues	5,119,995	5,466,603	6,234,060	767,457
Expenditures:				
Current:				
Security of Persons and Property	2,493,654	2,478,653	2,405,318	73,335
Public Health Services	840,114	862,614	860,499	2,115
Community Environment	308,432	312,932	304,647	8,285
Basic Utility Services	117,308	162,308	160,660	1,648
Transportation	459,331	484,331	459,541	24,790
General Government	1,367,122	1,459,073	1,394,161	64,912
Debt Service:				
Principal	19,404	19,404	19,404	-
Total Expenditures	5,605,365	5,779,315	5,604,230	175,085
Excess of Revenues Over (Under) Expenditures	(485,370)	(312,712)	629,830	942,542
Other Financing Sources (Uses)				
Sale of Capital Assets	336	359	410	51
Transfers Out	(250,000)	(385,002)	(385,002)	-
Advances In	-	-	70,000	70,000
Total Other Financial Sources (Uses)	(249,664)	(384,643)	(314,592)	70,051
Net Change in Fund Balance	(735,034)	(697,355)	315,238	1,012,593
Fund Balance - Beginning of Year	1,372,177	1,372,177	1,372,177	-
Prior Year Encumbrances Appropriated	296,166	296,166	296,166	-
Fund Balance - End of Year	\$ 933,309	\$ 970,988	\$ 1,983,581	\$ 1,012,593

The notes to the basic financial statements are an integral part of this statement

City of Olmsted Falls, Ohio

Statement of Fiduciary Net Position
Custodial Fund
December 31, 2022

	Custodial Fund
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 444
Total Assets	<u>444</u>
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	444
Total Net Position	<u>\$ 444</u>

See accompany notes to the basic financial statements.

City of Olmsted Falls, Ohio

Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2022

	Custodial Fund
ADDITIONS	
Intergovernmental	\$ 34,500
Licenses, Permits, & Fees Distributions for Other Governments	1,734
Total Additions	36,234
DEDUCTIONS	
Licenses, Permits, & Fees Distributions to Other Governments	1,847
Distributions to Individuals	34,500
Total Deductions	36,347
Net Increase in Fiduciary Net Position	(113)
Net Position - Beginning of Year	557
Net Position - End of Year	\$ 444

See accompany notes to the basic financial statements.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022

Note 1: Description of City and Reporting Entity

The City of Olmsted Falls, Cuyahoga County, (the City) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1851 and became a City in 1972. Under the City Charter adopted in July 1972, the City has an elected mayor-council form of government. Council is composed of seven members, three at large and one for each of the City's four wards, all elected for terms of two years. The Director of Law, Director of Finance, Safety Director, Service Director and Economic Development Director are appointed by the Mayor and confirmed by Council.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The City as a primary government consists of all funds and the departments, which are not legally separate from the City. They include a police force, a fire fighting force, a mayor's court, a street maintenance force, planning and zoning departments, a park and recreation system and a staff to provide essential support to these service providers. The operation of each of these activities is directly controlled by the City Council through the budgetary process and is therefore included as part of the reporting entity.

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 organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City is associated with six jointly governed organizations, the Northeast Ohio Public Energy Council, Chestnut Grove Union Cemetery, Olmsted Joint Economic Development District, Southwest Council of Governments, the Southwest General Hospital, and Southwest Regional Communications Council of Government. A jointly governed organization is managed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. These organizations are presented in Note 13.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 1: Description of City and Reporting Entity (continued)

Reporting Entity (continued)

The Olmsted Falls City School and the Berea City School Districts service the boundaries of the City. Both are distinct political subdivisions of the State of Ohio and each is operated under an elected school board possessing its own budgetary and taxing authority. Accordingly, the school districts are not considered part of the City and their operations are not included within the accompanying financial statements.

The Cuyahoga County Public Library (the Library), located within the boundaries of the City, is a distinct political subdivision of the State of Ohio operated under the supervision of the Cuyahoga County Public Library District. The Library is not a component unit of the reporting entity and is not reflected within the accompanying financial statements.

Each year, the residents of Olmsted Falls are assessed, through a tax levy, for a portion of the general operating expenses of the Chestnut Grove Union Cemetery. For 2022, the amount paid to the Chestnut Grove Union Cemetery amounted to \$50,952. The residents are also assessed, through a tax levy, for a portion of the operating expenses of Southwest General Hospital. The amount paid in 2022 to Southwest General Hospital amounted to \$52,433. Both of these organizations exercise their own budgetary and financial management authority. Therefore, they are not considered part of the City and their operations are not reflected in the City's financial statements.

Note 2: Summary of Significant Accounting Policies

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

A. 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, except for fiduciary funds.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

The statement of net position presents the financial condition of the governmental activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. 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 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 governmental function 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 financial statements is on major funds. Each major fund is presented in a separate column. Non-Major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: Governmental, Proprietary and Fiduciary. The City does not have proprietary funds.

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 financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The 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 all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Olmsted Falls and/or the general laws of Ohio.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Sanitary Sewers Fund – This fund is used to record the construction and engineering expenses for the Phase 5 Sanitary Sewer project. It includes monies received from Olmsted Township, OPWC and City of Cleveland. Upon completion of the project, the expenses will be assessed to the affected residents for repayment.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City only has one Custodial fund. Custodial funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and other governments. The City's Custodial fund is used to account for building code fees due to other governments.

C. 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 along with 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.

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; fiduciary 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, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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. Available period for the City is sixty days after 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 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, licenses and permits, interest, grants and entitlements, contributions and donations, lease, and fees.

Unearned revenue arises when assets are recognized before revenue recognition criteria has been satisfied. The City recorded unearned revenue related to building deposits and unspent moneys from ARPA and county grant funds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position 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 plans are explained in Notes 14 and 15, respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

For the City, deferred inflows of resources include property taxes, leases, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, special assessments, intergovernmental revenue, and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15)

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. All funds, other than the custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund, department, personal services, and other expense level for all funds. Any budgetary modifications at this level may only be made by resolution of the City Council. The Director of Finance is authorized to transfer appropriations between line items within a function or object of any department.

Tax Budget - At the last Council meeting in June, the Mayor presents the annual operating budget for the following year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1st to December 31st of the following year.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

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

Appropriations - A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1st to March 31st. An annual appropriation ordinance must be passed by April 1st of each year for the period January 1st to December 31st. The appropriation ordinance fixes spending authority at the department levels separated into the categories of personal services, and other expenses. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations may not exceed current estimated resources, as certified. During the year, several supplemental appropriation measures were passed. The amounts reported as the budgeted amounts represent the original and final appropriation amounts passed by Council during the year.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to constrain that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a component of fund balances for subsequent-year expenditures for the General Fund.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not reappropriated.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

F. 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 the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments are reported at fair value which is based on quoted market prices. Non-participating contracts such as repurchasing agreements are reported at cost.

During fiscal year 2022, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79 "Certain External Investment Pools and Pool Participants." The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2022, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

The provisions of the Ohio Revised Code restrict investment procedures. Interest revenue credited to the General Fund during 2022 amounted to \$120,081 which includes \$69,428 assigned from other 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.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure in the year in which the services are consumed.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are recorded as expenditures in the governmental funds when used. Inventory consists of expendable supplies held for consumption.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

I. Capital Assets

General capital 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of streets, sanitary sewers, bridges and traffic signals. Traffic signals acquired prior to January 1, 2002 are not reported. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Retro to December 31, 2004, the City has implemented a bridge infrastructure accounting of all bridges greater than a ten-foot span.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	25 - 110 years
Improvements other than Buildings	10 - 50 years
Machinery, equipment and vehicles	5 - 75 years
Infrastructure	20 - 100 years

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Loans resulting from negative cash balances are reported as "due to /from other funds." Interfund balance amounts are eliminated in the statement of net position.

K. Compensated Absences

Holiday, personal, vacations and other leave balances are a use it or lose it policy. Individual exceptions are allowed to carry forward certain unused amounts into the next year. Generally, such requests are infrequent.

Sick leave benefits are accrued as a liability using the vesting method. The financial reporting policy for recognition of compensated absences of sick time is based upon all employees considered vested after one year of employment and eligible for termination cash out. Or, it is assumed that all hired employees will terminate employment from the city and be eligible for cash out of unused sick time based upon the allocation ratio in effect at the fiscal year-end.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, 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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, notes, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, capital leases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. 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. It also includes the long-term amount of interfund loans.

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 or enabling legislation (City ordinances).

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

Enabling legislation authorizes the City to assess levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) 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, 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 are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. 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. City Council assigned fund balance to cover a gap between estimated revenues and appropriations in 2022's budget.

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, 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 Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 2: Summary of Significant Accounting Policies (continued)

O. Net Position

Net Position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for police and fire related activities, parks, and computerization of the mayor's court. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Interfund Activity

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. The City had neither type of transaction during 2022.

R. 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.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 3: Changes in Accounting Principles

During the year, the City implemented the following Governmental Accounting Standards Board (GASB) Statements and Implementation Guides:

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

GASB Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 93, Replacement of Interbank Offered Rates. The objective of this Statement is to address those and other accounting and financial reporting implication that result from the replacement of an IBOR. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of this Statement did not have an effect on the financial statements of the City.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 3: Changes in Accounting Principles (Continued)

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. These changes were incorporated in the City's fiscal year 2022 financial statements. The City recognized \$651,035 in governmental activities in leases receivable at July 1, 2021; however, this entire amount was offset by deferred inflows and did not impact the beginning net position/fund balance.

Note 4: Accountability

The following funds had a deficit fund balance at December 31, 2022:

	<u>Deficit</u>
<u>Nonmajor Governmental Funds</u>	
Community Development Block Grant Fund	\$ (19,571)
Street Lighting	(2,774)
Recreation Fund	(5,245)
Water Debt Project Fund	(23,053)
Sewer Debt Project Fund	(107,000)
Sewer Debt Project 4 Fund	(173,945)
Bakers Creek Bridge Fund	(33,860)
Capital Improvement Fund	(48,342)
Railroad Improvement Fund	(20,000)
Total	<u>\$ (433,790)</u>

These deficits resulted from the recognition of accrued liabilities. The General Fund is responsible to cover deficit fund balances by means of a transfer. However, this is done when cash is needed rather than when accruals occur.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented here:

	General	Sanitary Sewers	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepaid Items	\$ 119,919	\$ -	\$ -	\$ 119,919
Inventories	576	-	10,948	11,524
Loan Receivable	164,929	-	-	164,929
Interfund Receivables	324,007	-	-	324,007
Unclaimed Fund	28,365	-	-	28,365
<i>Total Nonspendable</i>	<u>637,796</u>	<u>-</u>	<u>10,948</u>	<u>648,744</u>
<i>Restricted</i>				
Road Improvements	-	-	903,523	903,523
Police and Fire Departments	-	-	397,353	397,353
Drug and Alcohol Enforcement	-	-	108	108
Juvenile Diversion	-	-	10,614	10,614
Law Enforcement	-	-	86,005	86,005
Sanitary Sewer Improvements	-	125,081	789,225	914,306
Shade Trees	-	-	11,368	11,368
Water Hydrant	-	-	373	373
Storm Sewer Improvements	-	-	41,228	41,228
DARE Gift	-	-	795	795
Capital Improvements	-	-	547,055	547,055
Jenkins	-	-	35,729	35,729
Park	-	-	25,502	25,502
Covered Bridge	-	-	12,563	12,563
FEMA	-	-	24,434	24,434
Debt Service Payments	-	-	114,057	114,057
911 Memorial	-	-	3,738	3,738
Opioid Settlement	-	-	1,005	1,005
<i>Total Restricted</i>	<u>-</u>	<u>125,081</u>	<u>3,004,675</u>	<u>3,129,756</u>
<i>Committed</i>				
Compensated Absences	53,873	-	-	53,873
Parks and Recreation	-	-	79,075	79,075
<i>Total Committed</i>	<u>53,873</u>	<u>-</u>	<u>79,075</u>	<u>132,948</u>
<i>Assigned</i>				
Fiscal Year 2023 Appropriations	202,285	-	-	202,285
Safety Forces	38,277	-	-	38,277
Public Health	2,179	-	-	2,179
Refuse	45,780	-	-	45,780
Economic Development	11,225	-	-	11,225
Streets	22,696	-	-	22,696
General Government	14,928	-	-	14,928
<i>Total Assigned</i>	<u>337,370</u>	<u>-</u>	<u>-</u>	<u>337,370</u>
<i>Unassigned (Deficit)</i>	2,458,589	-	(433,790)	2,024,799
<i>Total Fund Balance</i>	<u>\$ 3,487,628</u>	<u>\$ 125,081</u>	<u>\$ 2,660,908</u>	<u>\$ 6,273,617</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 6: Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts. Inactive deposits are monies identified as not required for use within the current five-year period of designation of depositories.

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

Interim deposits are deposits 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.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Time certificates of deposit of savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 6: Deposits and Investments (continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Bonds and other obligations of the State of Ohio, and, with certain limitations including a requirements for maturity within ten years from the date of settlements, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
8. Certain bankers acceptances (for a period not to exceed two hundred eighty days) and commercial paper noted (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.

The City may also invest any monies not required to be used for a period of 6 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

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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, by surety company bonds deposited with the City by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 6: Deposits and Investments (continued)

A. Deposits with Financial Institutions

Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2022, \$751,001 of the City's bank balance of \$2,485,075 was covered by Federal Depository Insurance and \$1,278,186 was covered by the Ohio Pooled Collateral System, and \$455,888 was uninsured and uncollateralized. Two of the three City's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Custodial credit risk is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside entity. As required by Ohio Revised Code, the City's deposits should either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by a financial institution as security for repayment whose fair value at all times should be at least 105 percent of the deposits being secured; or

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. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Investments

As of December 31, 2022, the City had the following investments:

	Net Asset Value	Credit Rating	Investment Maturities (in Years) <1
<u>Investment Type:</u>			
StarOhio	\$ 4,216,264	AAAm	\$ 4,216,264
Total Investments	<u>\$ 4,216,264</u>		<u>\$ 4,216,264</u>

STAR Ohio is measured at net asset value per share while all other investments are measured at fair value. Fair value is determined by quoted market prices and acceptable other pricing methodologies. The City has categorized 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.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 6: Deposits and Investments (continued)

B. Investments (continued)

Interest Rate Risk – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City’s investment policy addresses interest rate risk requiring that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than two years.

Credit Risk -The City’s investment policy addresses credit risk by requiring that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer.

The credit ratings of the City’s investments are provided in the table on the previous page and are rated by Standard & Poor’s.

Concentration of Credit Risk- The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2022:

	Measurement Value	Percent of Total
Investment Type:		
StarOhio	\$ 4,216,264	100%
Total Investments	<u>\$ 4,216,264</u>	

Reconciliation of Cash and Investment to the Statement of Net Position – The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of December 31, 2022.

<u>Cash and Cash Equivalents</u>	
Carrying amount of deposits	\$ 2,417,811
Investments	<u>4,216,264</u>
Total	<u>\$ 6,634,075</u>
Cash and Cash Equivalents per Statement of Net Position	
Governmental Activities	\$ 6,633,631
Fiduciary Funds	<u>444</u>
Total	<u>\$ 6,634,075</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 7: Interfund Transfers and Balances

A. Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

Interfund transfers for the year ended December 31, 2022, consisted of the following:

Transfer To	Transfer From General Fund
Sanitary Sewers	\$ 35,002
Other Governmental Funds	205,000
Total	240,002

The City transferred funds from the General Fund to both Police and Fire Pension Funds, \$85,000 and \$85,000, respectively, to cover the cost of their respective pension costs, and the remaining transfers from the General Fund were made for police training and debt service.

B. Interfund Balances

Interfund loans consisted of the following amounts “interfund receivable/payable” at December 31, 2022, as reported on the fund financial statements.

Fund	Receivable	Payable
General	\$ 324,007	\$ -
Other Governmental Funds	480,854	804,861
Total	\$ 804,861	\$ 804,861

The primary purpose of the interfund balances is to cover costs in specific funds where anticipated revenues were not received. These interfund balances will be repaid once the anticipated revenues are received. All interfund balance are expected to be repaid within one year. Interfund balances at December 31, 2022 consisted of \$324,007 due to the General Fund, with \$181,777 due from the Sewer Debt Project 4 Fund, \$19,571 due from the Community Development Block Grant Fund, \$8,000 due from the Recreation Fund, \$20,000 due from the Railroad Improvements Fund, \$3,123 due from the OWDA Debt Service Fund. In addition, the General Fund has outstanding manuscript debt in the amount of \$79,200. Railroad Grade Separation Fund has outstanding manuscript debt in the amount of \$316,800 due from the Capital Improvement Fund and negative cash due to the General Fund in the amount of \$12,337. Capital Improvement Fund had an interfund balance due to it in the amount of \$76,000. The General Bond Retirement Fund had \$65,000 due from the Sewer Debt Project Fund. Capital Improvement Sanitary Fund advanced \$23,053. to the Water Debt Project Fund. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at December 31, 2022 are reported on the statement of net position.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 8: Receivables

Receivables at December 31, 2022, consisted of municipal income taxes, property taxes, accounts, due from other governments, loans, lease and special assessments. All receivables are considered fully collectible.

A. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of the 2021 taxes. Property tax payments received during 2022 for tangible personal property (other than public utility property) are for 2021 taxes.

2022 real property taxes are levied after October 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023. 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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate applied to real property for the fiscal year ended December 31, 2022 was \$12.65 for \$1,000 of assessed valuation. The assessed values of real and tangible personal property, upon which 2022 property tax receipts were based, are as follows:

Property Category	Assessed Value	Percent
<u>Real Property</u>		
Residential and agricultural	\$225,471,600	87.54
Commercial and industrial	25,046,020	9.72
<u>Tangible Personal Property</u>		
Public utilities	7,038,150	2.73
Total	<u>\$257,555,770</u>	<u>100.00</u>

The Cuyahoga County Fiscal Officer collects property taxes on behalf of all taxing districts in the County, including the City. The County Fiscal Officer periodically remits to the City its portion of the taxes. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2022 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by a deferred inflow of resources since current taxes were not levied to finance 2022 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue is deferred.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 8: Receivables (continued)

B. Income Taxes

The City levies an income tax of 1.50% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income earned outside the City; however, a tax credit of up to .75% is allowed for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employee earnings and remit the tax at least quarterly to the Regional Income Tax Agency, who administers the City's income tax collections. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

By City Ordinance, income taxes shall be deposited in the General Fund, except that ten percent and two percent of such collections shall be deposited annually in the Capital Improvement Fund and the Capital Improvement Service Equipment Fund, respectively.

C. Intergovernmental Receivable

A summary of intergovernmental receivables as of December 31, 2022, follows:

Revenue Description	Amount
Cents Per Gallon and Excise Tax	\$ 222,489
Homestead and Rollback	136,232
Local Government	96,175
Motor Vehicle Tax	27,849
Permissive Tax	4,754
Grants	29,850
Miscellaneous	23,399
Total Intergovernmental Receivable	<u>\$ 540,748</u>

D. Loan Receivable

The City is reporting a long-term loan receivable related to the Westlawn/Lindbergh Sewer project. During 2006, the Cities of Olmsted Falls and Berea entered into an agreement that involves the construction of sanitary and storm sewers in the Westlawn/Lindbergh area. As part of this agreement, the City has entered into a loan agreement with the Ohio Public Works Commission (OPWC) in the amount of \$388,070 to help fund some of the construction costs. Although the City of Olmsted Falls is obligated for the entire loan amount, the agreement between the Cities obligates the City of Berea to make annual debt service payments to the City of Olmsted Falls and the City of Olmsted Falls makes the payment to the OPWC.

As of December 31, 2022, the full amount of the loan has been "drawn down", thus creating a long-term OPWC loan payable by the City (See Note 11). A corresponding long-term loan receivable has been reported in the City's financial statements in the amount of \$164,929, which represents the amount owed by the City of Berea to the City of Olmsted Falls. This loan is classified as a loan receivable, considered collectible in full, and is expected to be collected in more than one year. The loan receivable on the modified statement is offset by nonspendable fund balance.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 8: Receivables (continued)

E. Lease Receivable

During fiscal year 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The City previously entered into a lease as Lessor for the use of Cell Tower. An initial lease receivable was recorded in the amount of \$651,035. As of December 31, 2022, the value of the lease receivable is \$638,536. The lessee is required to make annual fixed payments of \$29,860. The lease has an interest rate of 4.00%. The value of the deferred inflow of resources as of December 31, 2022 was \$624,641, and City of Olmsted Falls recognized lease revenue of \$26,393 during the fiscal year. The lessee has 3 extension options for 60 months each, which are expected to be exercised.

Principal and interest requirements for repayment of the lease at December 31, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 4,319	\$ 25,541	\$ 29,860
2024	4,491	25,369	29,860
2025	4,671	25,189	29,860
2026	10,828	25,002	35,830
2027	11,261	24,569	35,830
2028 - 2032	78,051	115,431	193,482
2033 - 2037	136,698	95,480	232,178
2038 - 2042	216,399	62,215	278,614
2043 - 2046	171,818	13,925	185,743
Total Payments	<u>\$ 638,536</u>	<u>\$ 412,721</u>	<u>\$ 1,051,257</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 9: Capital Assets

Capital asset activity for Governmental Activities for the year ended December 31, 2022:

	Balance 12/31/2021	Additions	Reductions	Balance 12/31/2022
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,459,687	\$ -	\$ -	\$ 1,459,687
Construction in Progress	12,124,975	75,218	(12,200,193)	-
Total Capital Assets Not Being Depreciated	<u>13,584,662</u>	<u>75,218</u>	<u>(12,200,193)</u>	<u>1,459,687</u>
Capital Assets, being depreciated:				
Buildings	7,188,664	-	-	7,188,664
Improvements other than buildings	1,293,373	164,882	-	1,458,255
Machinery, equipment, and vehicles	4,682,970	556,635	(83,150)	5,156,455
Infrastructure				
Traffic Signals	419,817	-	-	419,817
Bridges	11,786,551	-	-	11,786,551
Roads	1,810,494	-	-	1,810,494
Sanitary Sewers	4,234,365	12,200,193	-	16,434,558
Total Capital Assets, being Depreciated	<u>31,416,234</u>	<u>12,921,710</u>	<u>(83,150)</u>	<u>44,254,794</u>
Less Accumulated Depreciation:				
Buildings	(1,440,578)	(98,055)	-	(1,538,633)
Improvements other than buildings	(385,299)	(61,172)	-	(446,471)
Machinery, equipment, and vehicles	(3,227,365)	(259,231)	83,150	(3,403,446)
Infrastructure				
Traffic Signals	(114,380)	(8,396)	-	(122,776)
Bridges	(1,217,116)	(117,487)	-	(1,334,603)
Roads	(1,022,100)	(90,525)	-	(1,112,625)
Sanitary Sewers	(793,406)	(76,792)	-	(870,198)
Total Accumulated Depreciation	<u>(8,200,244)</u>	<u>(711,658) *</u>	<u>83,150</u>	<u>(8,828,752)</u>
Total Capital Assets, being Depreciated, Net	<u>23,215,990</u>	<u>12,210,052</u>	<u>-</u>	<u>35,426,042</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,800,652</u>	<u>\$ 12,285,270</u>	<u>\$ (12,200,193)</u>	<u>\$ 36,885,729</u>

*Depreciation expense was charged to governmental activities as follows:

Security of Persons and Property	\$ 171,843
Basic Utility Services	76,792
Leisure Time Activities	23,374
Transportation	345,289
General Government	94,360
Total Deprecation Expense	<u>\$ 711,658</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 10: Short-Term Note Payable

The City's Short-term note activity, including amounts outstanding and interest rates, are as follows:

	Balance 12/31/2021	Increase	Decrease	Balance 12/31/2022
2021 City Building Improvement Notes 1.250%	\$ 200,000	\$ -	\$ (200,000)	\$ -
2021 Sanitary Sewerage System Notes 1.250%	220,182	-	(220,182)	-
Note Premium	2,016	-	(2,016)	-
2022 City Building Improvement Notes 2.870%	-	200,000	-	200,000
Total	<u>\$ 422,198</u>	<u>\$ 200,000</u>	<u>\$ (422,198)</u>	<u>\$ 200,000</u>

In 2022, the City issued \$200,000 in bond anticipation notes for the purpose to pay for costs of remodeling and other wise improving a City building which will house administrative offices. The entire \$200,000 of the Building Improvement Notes are expected to be retired during 2023.

The note is back by the full faith and credit of the City of Olmsted Falls and mature within one year. The note liability is reflected in the fund which received the proceeds.

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City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 11: Long-Term Obligations

The City had the following activity in long-term obligations during 2022:

	Balance 12/31/2021	Increase	Decrease	Balance 12/31/2022	Amount Due In a Year
General Obligation Bonds:					
1.99% Building Improvement Bonds, Series 2016	\$ 1,155,000	\$ -	\$ (120,000)	\$ 1,035,000	\$ 120,000
1998 Ohio Water and Sewer Rotary Commission Loan	396,075	-	-	396,075	-
Direct Borrowing					
Ohio Water Development Authority Loans (OWDA):					
2002 Sanitary Sewers 3.95%	123,945	-	(33,699)	90,246	35,043
2002 Storm Sewers 5.70%	22,333	-	(5,939)	16,394	6,283
2009 Sanitary Sewers 3.25%	484,362	-	(62,685)	421,677	64,739
2022 Sanitary Sewers 1.81%	-	3,976,529	(850,000)	3,126,529	131,024
Total OWDA Loans	630,640	3,976,529	(952,323)	3,654,846	237,089
Ohio Public Works Commission (OPWC)					
2006 Ohio Public Works Commission 0.00%	184,332	-	(19,403)	164,929	19,403
2022 Ohio Public Works Commission 0.00%	-	42,441	-	42,441	2,122
Total OPWC Loans	184,332	42,441	(19,403)	207,370	21,525
Long-Term Notes					
2021 City Building Improvement Notes 1.250%	200,000	-	(200,000)	-	-
2021 Sanitary Sewerage System Notes 1.250%	6,279,818	-	(6,279,818)	-	-
Note Premium	31,095	-	(31,095)	-	-
Total Long-Term Notes	6,510,913	-	(6,510,913)	-	-
Net Pension Liability					
OPERS	1,609,166	-	(637,940)	971,226	-
OP&F	3,671,555	-	(584,609)	3,086,946	-
Total Net Pension Liability	5,280,721	-	(1,222,549)	4,058,172	-
Net OPEB Liability					
OP&F	570,635	-	(29,042)	541,593	-
Total Net OPEB Liability	570,635	-	(29,042)	541,593	-
Other Long-Term Liabilities:					
Financed Lease Purchases	-	79,144	(25,114)	54,030	16,886
Compensated Absences	329,066	49,044	(4,896)	373,214	16,157
Total Other Long-Term Liabilities	329,066	128,188	(30,010)	427,244	33,043
Total Long-Term Obligations	\$ 15,057,382	\$ 4,147,158	\$ (8,884,240)	\$ 10,320,300	\$ 411,657

Ohio Water and Sewer Rotary Commission (W&SRC) -The City obtained resources from the Ohio Water and Sewer Rotary Commission during fiscal year 1998 to pay for the cost of improvements contained within an Agricultural District within the City. The collections of special assessments within an agricultural district are exempt under the terms of Ohio Revised Code Section 929.03. The full amount of the assessment for the portion of the property, for which the use has changed, pursuant to the Revised Code, is due within ten days and must be repaid by the City regardless of whether the City has collected the full amount from property owners at that time. No part of the Ohio Water and Sewer Rotary Commission debt is due until use has changed per the requirements of the law.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 11: Long-Term Obligations (continued)

The amount of filing and unbilled special assessments for the improvements within the Agricultural District was \$396,075. There was no change in the status of the parcels for the year ended December 31, 2022.

Ohio Water Development Authority (OWDA) During fiscal year 2002, the City obtained two loans from OWDA. One loan is for the construction of storm sewer lines. The second loan is for the construction of sanitary sewer lines, the dismantling of a primary treatment plant and conversion to a pump station. These loans are paid for from the Debt Service Funds.

During fiscal year 2009, the City obtained a loan from OWDA. This loan is for the construction of sanitary sewer lines. This loan is paid for from the Debt Service Funds.

During fiscal year 2022, the City obtained a loan from OWDA in the amount of \$3,976,529 for the Columbia/Cook Sanitary Sewer System project. The loan will be repaid over a 20-year period at an interest rate of 1.81%. These loans will be repaid from the Debt Service Funds.

The City's direct borrowings from OWDA in the amount of \$3,654,846 contains provision that in the event of default, the amount of such default shall bear interest at the default rate from the due date until the date of the payment. In addition to the interest, a late charge of one percent on the amount of each defaults shall also be paid to OWDA by the City from the pledged revenues for failure to make payment.

Ohio Public Works Commission (OPWC) – During 2006, the Cities of Olmsted Falls and Berea entered into an agreement that involves the construction of sanitary and storm sewers in the Westlawn/Lindbergh area. As part of this agreement, the City has entered into a loan agreement with the Ohio Public Works Commission (OPWC) in the amount of \$388,070 to help fund some of the construction costs. Although the City of Olmsted Falls is obligated for the entire loan amount, the agreement between the Cities obligates the City of Berea to make annual debt service payments to the City of Olmsted Falls and the City of Olmsted Falls makes the payment to the OPWC. The receipt of funds from the City of Berea and the subsequent payment to OPWC are recorded in the City of Olmsted Falls' General Fund.

In 2016, the City entered into a loan in the amount of \$432,000 and grant in the amount of \$4,236,737 with OPWC for the Columbia/Cook Sanitary Sewer Phase V project. The City borrowed \$42,441 for the project which will be repaid over a 20-year period. The loan will be repaid from the Debt Service Funds.

The City's direct borrowings from OPWC contain a provision that in an event of default the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts became immediately due. Also, OPWC may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the City.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 11: Long-Term Obligations (continued)

General Obligation Bond - In 2016, the City issued \$1,700,000 of general obligation bonds for the purpose of paying costs of construction, furnishing, equipping and otherwise improving a new Service Department building. The fifteen-year bonds will be repaid with twenty-nine payments commencing December 1, 2016. The bonds will be repaid from the Capital Improvement Fund.

Compensated Absences - Compensated absences will be paid from the fund from which the employee's salary is paid.

Net Pension Liability/(Asset) and Net OPEB Liability/(Asset) - The City pays obligations related to employee compensation from the fund benefiting from their service. There is no repayment schedule for the Net Pension/OPEB Liability. However, employer pension/OPEB contributions are made from the following funds; the General Fund, Fire Pension Fund, Police Pension Fund, this is where they pay the entirety of OP&F, Street Construction, Maintenance, and Repair Fund, Park Maintenance Fund, Storm Sewer Maintenance and Repair Fund, Shade Tree Assessment Fund, Sewer Operation, Maintenance and Repair Fund.

The City's overall legal debt margin was \$22,104,935 and an unvoted debt margin of \$9,227,146 at December 31, 2022.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2022, are as follows:

Year	GO Bonds		OWDA Loans		OPWC Loans	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2023	\$ 120,000	\$ 20,596	\$ 237,089	\$ 71,210	\$ 21,525	\$ 378,614	\$ 91,806
2024	125,000	18,209	243,353	65,553	21,525	389,878	83,762
2025	125,000	15,721	227,110	59,732	21,526	373,636	75,453
2026	125,000	13,234	209,615	54,822	21,525	356,140	68,056
2027	130,000	10,746	214,467	50,151	21,526	365,993	60,897
2028-2032	410,000	16,417	819,489	193,407	78,522	1,308,011	209,824
2033-2037	-	-	813,514	121,604	10,610	824,124	121,604
2038-2042	-	-	890,209	44,909	10,611	900,820	44,909
	<u>\$ 1,035,000</u>	<u>\$ 94,923</u>	<u>\$ 3,654,846</u>	<u>\$ 661,388</u>	<u>\$ 207,370</u>	<u>\$ 4,897,216</u>	<u>\$ 756,311</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 12: Risk Management

The City of Olmsted Falls is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. During 2022, the City contracted through the Arthur J. Gallagher & Co. for various types of insurance as follows:

Company	Type	Coverage
Arthur J. Gallagher & Co	Building and Property (including Boiler and Machinery)	\$ 17,555,804
	Inland Marine	804,470
	Flood	1,000,000
	Earthquake	1,000,000
	General Liability	2,000,000
	Public Officials Liability	1,000,000
	Employment Practice Liability	1,000,000
	Law Enforcement Liability	1,000,000
	Electronic Data Processing	1,000,000
	Theft, Disappearance & Destruction	50,000
	Employee Dishonesty	50,000
	Forgery and Alteration	50,000
	Electronic Data Processing	50,000
	Fire Damage Liability	100,000
	Ohio Stop Gap Liability	1,000,000
	Employee Benefits Liability	3,000,000
	Automobile Liability	1,000,000
	Automobile Medical Payments	5,000
	Uninsured Motorist Liability	100,000
	Umbrella Liability	5,000,000
	Cyber Liability	1,000,000

The City carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years and there were no significant reductions in coverage from the prior year. Workers' Compensation coverage is provided by the State. The City pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 13: Jointly Governed Organizations

A. Northeast Ohio Public Energy Council (NOPEC)

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a Regional Council of Governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 240 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 13: Jointly Governed Organizations (Continued)

A. Northeast Ohio Public Energy Council (NOPEC) (Continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Olmsted Falls did not contribute to NOPEC during 2022. Financial information can be obtained by contacting Roy McVoy, Board Chairman, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

B. Chestnut Grove Union Cemetery

The Chestnut Grove Union Cemetery (The Cemetery) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Cemetery provides burial grounds and burial services to the public. The Cemetery is a jointly governed organization between the City of Olmsted Falls and Olmsted Township.

A joint council consisting of the council members of Olmsted Falls and the Trustees of Olmsted Township governs the Cemetery. The joint council elects and appoints the members of the Board of Trustees. The members of the Board of Trustees consist of the following: one elected member of the legislative body from each of the political subdivisions and one appointed resident from either of the political subdivisions who is not a member of the legislative body. The joint council exercises control over the operation of the Cemetery through budgeting, appropriating and contracting. The Board of Trustees control daily operations of the Cemetery. During 2022, the City contributed \$50,952 to the Chestnut Grove Union Cemetery.

C. Joint Economic Development District

The City of Olmsted Falls and Olmsted Township, in an effort to promote growth and economic development, and in accordance with state law, entered into a contract to create the Olmsted Joint Economic Development District (JEDD). The legislative authorities of the City and Township each authorized and directed authorization to enter into a contract for the JEDD. The JEDD was incorporated on September 7, 2001 and JEDD activities-initiated December 15, 2001.

A Board of Directors governs the JEDD. The Board is composed of the following members: (a) one member representing the City, appointed by the Mayor and approved by the City Council; (b) one member representing the Township, appointed by the Township Trustees; and (c) one member selected by the two members listed. The Board exercises control over the operation of JEDD through budgeting, appropriations, contracting and designating management. The control by the city and township is limited to the representation on the board. During 2022, no contributions were made by the City.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 13: Jointly Governed Organizations (Continued)

D. Southwest Council of Governments

The Southwest Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The Council's Board is comprised of one member from each of the nineteen participating entities. The Board exercises total control over the operation of the Council, which includes budgeting, appropriating, contracting, and designating management. The Board adopts an annual budget. Each City's degree of control is limited to its representation on the Board.

The Council has established two subsidiary organizations, the Hazardous Material Response Team ("HAZMAT"), which provides hazardous material protection and assistance, and the Southwest Enforcement Bureau, which provides extra assistance to cities in the form of a SWAT team. During 2022, \$22,500 was contributed by the City to the Southwest Council of Governments. The Council's financial reports may be obtained by contacting the City of North Royalton Finance Director, 14600 State Road, North Royalton, Ohio 44133.

E. Southwest General Hospital

The Southwest General Hospital is an Ohio non-profit corporation providing health services among the communities of Berea, Brook Park, Columbia Township, Middleburg Heights, Olmsted Falls and Strongsville.

The Hospital is governed by a Board of Trustees comprised of the following: one member of the legislative body from each of the member political subdivisions, one resident from each of the member political subdivisions who is not a member of the legislative body, three persons who are residents of any of the member political subdivisions, the president and the vice president of the corporations, and the president and the vice president of the medical staff. The legislative body of each political subdivision elects their own member to serve on the Board of Trustees of the Hospital.

The Board exercises total control over the operations of the Hospital, including budgeting, appropriating, contracting and designating management. Each City's control is limited to its representation on the Board. During 2022, the City contributed \$52,433 to the Hospital.

F. Southwest Regional Communications Council of Governments

The Southwest Regional Communications is a jointly-governed organization between the City and seven other communities. Formed as a Regional Council of Governments as permitted under Ohio Revised Code Section 167.01, the intent of the organization is to establish, own, operate, maintain, and administer, a regional communications network for public safety and public service purposes for the mutual benefit of the participating communities. This organization is controlled by a governing body consisting of each participating community's mayor or his/her delegate or representative. The degree of control exercised by any member is limited to its representation on the governing board.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 13: Jointly Governed Organizations (Continued)

F. Southwest Regional Communications Council of Governments (Continued)

All members agree to contribute the sums of money on a shared basis as agreed per the requirements set forth in the Articles of Understanding. In accordance with GASB Statement No. 14 and amended by GASB Statement No. 61, the City does not have an equity interest in the organization. In 2022, the City of Olmsted Falls contributed \$22,913 to the organization. Financial information may be obtained by contacting Martin S. Healy, 17401 Holland Road, Brook Park, Ohio 44142, or by email at healymwcc@gmail.com.

Note 14: Defined Benefit Pension Plans

A. Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability/asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred. The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension. GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 62 with 60 months of service credit or Age 57 with 25 years of service credit
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	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	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

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.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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 base amount of a member's pension benefit is locked in upon receipt of the initial benefit payment for calculation of the annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

A death benefit of \$500 - \$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Tradition pension plan and the Combined Plan.

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 members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts.

Beginning in 2022, the combined plan will be consolidated under the traditional pension plan (defined benefit plan) and the combined plan will no longer be available for new hires.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory City for member and employer contributions below:

	State and Local
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within 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 remainder going to pension.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2022 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2022. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$232,933 for the fiscal year ending December 31, 2022. Of this amount, \$8,785 was reported as an Intergovernmental Payable.

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

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

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

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

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

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA. Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

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

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

	Police	Firefighters
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 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 \$293,737 for 2022. Of this amount, \$36,319 is reported as an intergovernmental payable.

D. 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, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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:

	OPERS Traditional Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability				
Prior Measurement Date	0.010867%	0.0253347%	0.0285234%	
Proportion of the Net Pension Liability				
Current Measurement Date	0.011163%	0.0231214%	0.0262901%	
Change in Proportionate Share	0.000296%	-0.0022133%	-0.0022333%	
Proportionate Share of the Net Pension Liability	\$ 971,226	\$ 1,444,493	\$ 1,642,453	\$ 4,058,172
OPEB Expense	\$ (149,141)	\$ 14,023	\$ 43,430	\$ (91,688)

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional Pension Plan	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 49,512	\$ 41,655	\$ 47,362	\$ 138,529
Changes of assumptions	121,451	263,990	300,170	685,611
Changes in proportion and differences between City contributions and proportionate share of contributions	47,553	54,058	30,441	132,052
City contributions subsequent to the measurement date	232,933	141,436	152,301	526,670
Total Deferred Outflows of Resources	<u>\$ 451,449</u>	<u>\$ 501,139</u>	<u>\$ 530,274</u>	<u>\$ 1,482,862</u>
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 1,155,237	\$ 378,723	\$ 430,626	\$ 1,964,586
Differences between expected and actual experience	21,301	75,093	85,385	181,779
Changes in proportion and differences between City contributions and proportionate share of contributions	-	246,624	179,613	426,237
Total Deferred Inflows of Resources	<u>\$ 1,176,538</u>	<u>\$ 700,440</u>	<u>\$ 695,624</u>	<u>\$ 2,572,602</u>

\$526,670 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability or increase the net pension asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS Traditional Pension Plan	OP&F Police	OP&F Fire	Total
2023	\$ (115,741)	\$ (30,586)	\$ (32,472)	\$ (178,799)
2024	(386,869)	(149,368)	(149,545)	(685,782)
2025	(271,642)	(98,678)	(84,371)	(454,691)
2026	(183,770)	(74,673)	(67,635)	(326,078)
2027	-	12,568	16,372	28,940
Total	<u>\$ (958,022)</u>	<u>\$ (340,737)</u>	<u>\$ (317,651)</u>	<u>\$ (1,616,410)</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2% down to 6.9%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

	Traditional Pension Plan	Combined Plan
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	3.25 percent	3.25 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Prior Measurement Date:	0.50 percent, simple through 2021, then 2.15 percent simple	0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, 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 investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

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 table on the following page displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00 %	1.03 %
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00 %	4.21 %

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. 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 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 or one-percentage-point higher 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			
Traditional Pension Plan	\$ 2,560,681	\$ 971,226	\$ 351,411

F. Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2021 is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented on the next page:

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

F. Actuarial Assumptions – OP&F (Continued)

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 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

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

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

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

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

The most recent experience study was completed December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021 are summarized on the subsequent page:

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 14: Defined Benefit Pension Plans (Continued)

F. Actuarial Assumptions – OP&F (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return **
Domestic Equity	21.00 %	3.60 %
International Equity	14.00	4.40
Core Fixed Income *	23.00	1.10
U.S. Inflation Linked Bonds *	17.00	0.80
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	4.80
Private Markets	8.00	6.80
Midstream Energy Infrastructure	5.00	5.00
Private Credit	5.00	4.50
Real Assets	8.00	5.90
Gold	5.00	2.40
Total	125.00 %	

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

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

Discount Rate The total pension liability was calculated using the discount rate of 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 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	\$ 4,577,899	\$ 3,086,946	\$ 1,845,352

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans

A. Net OPEB Liability/Asset

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

The net OPEB liability/asset represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the City's obligation for this liability/asset to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB. GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable.

The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded and funded benefits are presented as a long-term *net OPEB liability or net OPEB Asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. Plan Description – Ohio Public Employees Retirement System (OPERS)

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

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2021, measurement date health care valuation.

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded. Employer contribution rates are expressed as a percentage of covered payroll. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

B. Plan Description – Ohio Public Employees Retirement System (OPERS) (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate employer contributions to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$905 for 2022.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. A summary of the full benefit provisions can be found in OP&F's annual comprehensive financial report.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

OP&F issues a publicly available annual comprehensive 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.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

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

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.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, 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 and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$6,962 for 2022.

D. OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability (asset) for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. 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.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

D. OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset			
Prior Measurement Date	0.010124%	0.0538580%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	<u>0.010389%</u>	<u>0.0494115%</u>	
Change in Proportionate Share	<u>0.000265%</u>	<u>-0.0044465%</u>	
Proportionate Share of the Net OPEB			
Liability/(Asset)	\$ (325,399)	\$ 541,593	\$ 216,194
OPEB Expense	\$ (286,156)	\$ 62,497	\$ (223,659)

At December 31, 2022, 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	\$ -	\$ 24,637	\$ 24,637
Changes of assumptions	-	239,724	239,724
Changes in proportion and differences between City contributions and proportionate share of contributions	9,683	81,410	91,093
City contributions subsequent to the measurement date	<u>905</u>	<u>6,962</u>	<u>7,867</u>
Total Deferred Outflows of Resources	<u>\$ 10,588</u>	<u>\$ 352,733</u>	<u>\$ 363,321</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 49,358	\$ 71,580	\$ 120,938
Changes of assumptions	131,719	62,901	194,620
Net difference between projected and actual earnings on OPEB plan investments	155,126	48,922	204,048
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>-</u>	<u>53,541</u>	<u>53,541</u>
Total Deferred Inflows of Resources	<u>\$ 336,203</u>	<u>\$ 236,944</u>	<u>\$ 573,147</u>

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

D. OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

\$7,867 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 and increase of the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2023	\$ (199,219)	\$ 40,800	\$ (158,419)
2024	(71,129)	33,537	(37,592)
2025	(33,894)	32,718	(1,176)
2026	(22,278)	(2,296)	(24,574)
2027	-	3,904	3,904
Thereafter	-	164	164
Total	<u>\$ (326,520)</u>	<u>\$ 108,827</u>	<u>\$ (217,693)</u>

E. Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan 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, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the actuarial assumptions on the next page applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

Wage Inflation	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	3.25 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	3.25 to 10.75 percent, including wage inflation
Single Discount Rate:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	1.84 percent
Prior Measurement Date:	2.00 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034
Prior Measurement Date:	8.50 percent initial, 3.50 percent ultimate in 2035
Actuarial Cost Method	Individual Entry Age

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

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.30 percent for 2021.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table on the following page displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	0.91 %
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	100.00 %	3.45 %

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. 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 2121. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

E. Actuarial Assumptions – OPERS (Continued)

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	\$ 191,365	\$ 325,399	\$ 436,650

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 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 2022 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 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 asset	\$ 328,916	\$ 325,399	\$ 321,228

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

F. Actuarial Assumptions – OP&F

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

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

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
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	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple

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

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

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

F. Actuarial Assumptions – OP&F (Continued)

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return **
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Core Fixed Income *	23.00	1.10
U.S. Inflation Linked Bonds *	17.00	0.80
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	4.80
Private Markets	8.00	6.80
Midstream Energy Infrastructure	5.00	5.00
Private Credit	5.00	4.50
Real Assets	8.00	5.90
Gold	5.00	2.40
Total	125.00 %	

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 15: Defined Benefit OPEB Plans (Continued)

F. Actuarial Assumptions – OP&F (Continued)

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

Discount Rate 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 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the 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 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$ 680,794	\$ 541,593	\$ 427,169

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total Net OPEB liability is sensitive to changes in the health care cost trend rate because it is based on a medical benefit that is a flat dollar amount.

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 16: Contingencies

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2022.

B. Litigation

The City of Olmsted Falls is a party to legal proceedings seeking damages. The City management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 17: 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 basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute.

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

- 1 Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2 Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3 Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- 4 Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, or assigned fund balance (GAAP basis).
- 5 Some funds are included in the General Fund (GAAP Basis), but have separate legally adopted budgets (budget basis).

City of Olmsted Falls, Ohio

Notes to the Basic Financial Statements For the Year Ended December 31, 2022 (Continued)

Note 17: Budgetary Basis of Accounting (Continued)

The table on the following page summarizes the adjustments necessary to reconcile the budget basis statement to the GAAP basis statement for the General Fund.

Net Change in Fund Balance	
GAAP Basis	\$ 734,990
Increase (Decrease) Due to:	
Revenue Accruals	(128,955)
Advances In	70,000
Expenditure Accruals	38,211
Funds with Separate Legally Adopted Budgets	(116,891)
Net Impact of Encumbrances	(282,117)
Budgetary Basis	<u>\$ 315,238</u>

Note 18: Other Commitments

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are components of fund balance for subsequent year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. As of December 31, 2022, the City's commitments for encumbrances in the governmental funds were as follows:

	Outstanding Encumbrances
General Fund	\$ 282,117
Nonmajor Governmental Fund	997,992
	<u>\$ 1,280,109</u>

Note 19: COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Required Supplementary Information

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of the City's Proportionate Share of the Net Pension Liability/(Asset) Ohio Public Employees Retirement System Last Nine Years (1)

Traditional Plan	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.011163%	0.010867%	0.010627%	0.011357%
City's Proportionate Share of the Net Pension Liability	\$ 971,226	\$ 1,609,166	\$ 2,100,499	\$ 3,110,452
City's Covered Payroll	\$ 1,622,979	\$ 1,527,729	\$ 1,495,157	\$ 1,533,943
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.84%	105.33%	140.49%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%
Combined Plan	2022	2021	2020	2019
City's Proportion of the Net Pension (Asset)	0.000000%	0.000000%	0.000000%	0.000389%
City's Proportionate Share of the Net Pension (Asset)	\$ -	\$ -	\$ -	\$ (435)
City's Covered Payroll	\$ -	\$ 543	\$ -	\$ 1,664
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	26.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%	126.64%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.011540%	0.011760%	0.008991%	0.112100%	0.112100%
\$ 1,810,402	\$ 2,670,496	\$ 1,557,354	\$ 1,352,050	\$ 1,321,513
\$ 1,524,992	\$ 1,419,792	\$ 1,230,867	\$ 1,378,900	\$ 1,358,262
118.72%	188.09%	126.52%	98.05%	97.29%
84.66%	77.25%	81.08%	86.45%	86.36%
2018	2017	2016	2015	2014
0.022006%	0.021680%	0.015070%	0.016994%	0.016994%
\$ (29,957)	\$ (12,066)	\$ (7,333)	\$ (6,543)	\$ (1,783)
\$ 90,123	\$ 79,825	\$ 54,842	\$ 62,592	\$ 4,500
33.24%	15.12%	13.37%	10.45%	39.62%
137.28%	116.55%	116.90%	114.83%	104.33%

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of the City's Proportionate Share of the Net Pension Liability Ohio Police and Fire Pension Fund Last Nine Years (1)

Police	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.0231214%	0.0253347%	0.0280106%	0.0273600%
City's Proportionate Share of the Net Pension Liability	\$ 1,444,493	\$ 1,727,089	\$ 1,886,943	\$ 2,233,299
City's Covered Payroll	\$ 655,000	\$ 689,358	\$ 738,726	\$ 681,358
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	220.53%	250.54%	255.43%	327.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%
Fire	2022	2021	2020	2019
City's Proportion of the Net Pension Liability	0.0262901%	0.0285234%	0.0294340%	0.0292950%
City's Proportionate Share of the Net Pension Liability	\$ 1,642,453	\$ 1,944,466	\$ 1,982,828	\$ 2,391,246
City's Covered Payroll	\$ 605,115	\$ 630,600	\$ 630,715	\$ 586,094
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	271.43%	308.35%	314.38%	408.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date which is the prior year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.0257800%	0.0245080%	0.0299760%	0.0322360%	0.0322360%
\$ 1,582,218	\$ 1,552,304	\$ 1,928,393	\$ 1,669,974	\$ 690,922
\$ 619,600	\$ 598,274	\$ 674,189	\$ 709,768	\$ 690,922
255.36%	259.46%	286.03%	235.28%	100.00%
70.91%	68.36%	66.77%	71.71%	73.00%
2018	2017	2016	2015	2014
0.0301710%	0.0278140%	0.0317020%	0.0309600%	0.0309600%
\$ 1,851,705	\$ 1,761,688	\$ 2,039,442	\$ 555,221	\$ 545,106
\$ 580,187	\$ 538,791	\$ 581,413	\$ 555,221	\$ 545,106
319.16%	326.97%	350.77%	100.00%	100.00%
70.91%	68.36%	66.77%	71.71%	73.00%

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of City's Contributions - Pension Ohio Public Employees Retirement System Last Ten Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 232,933	\$ 227,217	\$ 213,882	\$ 209,322
Combined Plan	<u>-</u>	<u>-</u>	<u>76</u>	<u>-</u>
Total Required Contributions	\$ 232,933	\$ 227,217	\$ 213,958	\$ 209,322
Contributions in Relation to the Contractually Required Contribution	<u>(232,933)</u>	<u>(227,217)</u>	<u>(213,958)</u>	<u>(209,322)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll				
Traditional Plan	\$ 1,663,807	\$ 1,622,979	\$ 1,527,729	\$ 1,495,157
Combined Plan	\$ -	\$ -	\$ 543	\$ -
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 214,752	\$ 198,249	\$ 170,375	\$ 147,704	\$ 165,468	\$ 176,574
<u>233</u>	<u>11,716</u>	<u>9,579</u>	<u>6,581</u>	<u>7,511</u>	<u>585</u>
\$ 214,985	\$ 209,965	\$ 179,954	\$ 154,285	\$ 172,979	\$ 177,159
<u>(214,985)</u>	<u>(209,965)</u>	<u>(179,954)</u>	<u>(154,285)</u>	<u>(172,979)</u>	<u>(177,159)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,533,943	\$ 1,524,992	\$ 1,419,792	\$ 1,230,867	\$ 1,378,900	\$ 1,358,262
\$ 1,664	\$ 90,123	\$ 79,825	\$ 54,842	\$ 62,592	\$ 4,500
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of City's Contributions - Pension Ohio Police and Fire Pension Fund Last Ten Years

	2022	2021	2020	2019
<u>Contractually Required Contributions</u>				
Police	\$ 141,436	\$ 124,450	\$ 130,978	\$ 140,358
Fire	152,301	142,202	148,191	148,218
Total Required Contributions	\$ 293,737	\$ 266,652	\$ 279,169	\$ 288,576
Contributions in Relation to the Contractually Required Contribution	(293,737)	(266,652)	(279,169)	(288,576)
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll				
Police	\$ 744,400	\$ 655,000	\$ 689,358	\$ 738,726
Fire	\$ 648,089	\$ 605,115	\$ 630,600	\$ 630,715
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Police	19.00%	19.00%	19.00%	19.00%
Fire	23.50%	23.50%	23.50%	23.50%

[1] – The portion of the City's contributions to fund pension obligations from January 1, 2013 thru May 31, 2013, for both police officers and firefighters was 14.81 percent and 19.31 percent, respectively. The portion of the City's contributions to fund pension obligations from June 1, 2013 thru December 31, 2013 for both police officers and firefighters was 16.65 percent and 21.15 percent, respectively.

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 129,458	\$ 117,724	\$ 113,672	\$ 128,096	\$ 134,856	\$ 108,682
<u>137,732</u>	<u>136,344</u>	<u>126,616</u>	<u>136,632</u>	<u>130,477</u>	<u>110,275</u>
\$ 267,190	\$ 254,068	\$ 240,288	\$ 264,728	\$ 265,333	\$ 218,957
<u>(267,190)</u>	<u>(254,068)</u>	<u>(240,288)</u>	<u>(264,728)</u>	<u>(265,333)</u>	<u>(218,957)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 681,358	\$ 619,600	\$ 598,274	\$ 674,189	\$ 709,768	\$ 690,922
\$ 586,094	\$ 580,187	\$ 538,791	\$ 581,413	\$ 555,221	\$ 545,106
19.00%	19.00%	19.00%	19.00%	19.00%	[1]
23.50%	23.50%	23.50%	23.50%	23.50%	[1]

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of the City's Proportionate Share of the Net OPEB Liability Ohio Public Employees Retirement System Last Six Years (1)

	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.010389%	0.010124%	0.009897%	0.010587%	0.011400%	0.011710%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (325,399)	\$ (180,367)	\$ 1,367,033	\$ 1,380,295	\$ 1,237,956	\$ 1,182,750
City's Covered Payroll	\$ 1,622,979	\$ 1,528,271	\$ 1,495,157	\$ 1,535,607	\$ 1,615,115	\$ 1,618,956
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-20.05%	-11.80%	91.43%	89.89%	76.65%	73.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	128.23%	115.57%	47.80%	46.33%	54.14%	54.04%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

City of Olmsted Falls, Ohio

Required Supplementary Information Schedule of the City's Proportionate Share of the Net OPEB Liability Ohio Police and Fire Pension Fund Last Six Years (1)

	2022	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0494115%	0.0538580%	0.0574445%	0.0566550%	0.0559500%	0.0523200%
City's Proportionate Share of the Net OPEB Liability	\$ 541,593	\$ 570,635	\$ 567,422	\$ 515,931	\$ 3,170,066	\$ 2,483,513
City's Covered Payroll	\$ 1,260,115	\$ 1,319,958	\$ 1,369,441	\$ 1,267,452	\$ 1,199,787	\$ 1,137,065
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.98%	43.23%	41.43%	40.71%	264.22%	218.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	45.42%	47.08%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

Amounts presented as of the City's measurement date, which is the prior calendar year end.

See accompanying notes to the required supplementary information

City of Olmsted Falls, Ohio

Required Supplementary Information
Schedule of the City's Contributions - OPEB
Ohio Public Employees Retirement System
Last Eight Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 905	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>(905)</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 1,686,436	\$ 1,622,979	\$ 1,528,271
Contributions as a Percentage of Covered Payroll	0.05%	0.00%	0.00%

(1) Information prior to 2015 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ -	\$ -	\$ 16,151	\$ 32,673	\$ 23,476
-	-	(16,151)	(32,673)	(23,476)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,495,157	\$ 1,535,607	\$ 1,615,115	\$ 1,618,956 0	\$ 1,189,807
0.00%	0.00%	1.00%	2.02%	1.97%

City of Olmsted Falls, Ohio

Required Supplementary Information
Schedule of the City's Contributions - OPEB
Ohio Police and Fire Pension Fund
Last Ten Years

	2022	2021	2020	2019
Contractually Required Contribution	\$ 6,962	\$ 6,301	\$ 6,600	\$ 6,848
Contributions in Relation to the Contractually Required Contribution	(6,962)	(6,301)	(6,600)	(6,848)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 1,392,489	\$ 1,260,115	\$ 1,319,958	\$ 1,369,441
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,337	\$ 5,999	\$ 5,685	\$ 6,278	\$ 6,325	\$ 44,744
<u>(6,337)</u>	<u>(5,999)</u>	<u>(5,685)</u>	<u>(6,278)</u>	<u>(6,325)</u>	<u>(44,744)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,267,452	\$ 1,199,787	\$ 1,137,065	\$ 1,255,602	\$ 1,264,989	\$ 1,236,028
0.50%	0.50%	0.50%	0.50%	0.50%	3.62%

City of Olmsted Falls, Ohio

Notes to Required Supplementary Information For The Year Ended December 31, 2022

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) 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. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2022.

City of Olmsted Falls, Ohio

Notes to Required Supplementary Information For The Year Ended December 31, 2022

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

Net OPEB Liability (Continued)

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2019, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%. For 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2022.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date. For 2022, the investment rate of return was reduced from 8.00 percent to 7.50 percent.

City of Olmsted Falls, Ohio

Notes to Required Supplementary Information For The Year Ended December 31, 2022

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018 and 2020-2022. For 2019, see below regarding changes to stipend-based model.

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96. For 2022, the single discount rate changed from 2.96 to 2.84.