



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF MUNROE FALLS
SUMMIT COUNTY**

**DECEMBER 31, 2020
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SUMMIT COUNTY
DECEMBER 31, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Munroe Falls, Summit County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Munroe Falls, Summit County, Ohio, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Road and Bridge Fund, Police Levy Fund, Fire Department Special Levy Fund and EMS Special Levy Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2020, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. In addition, as discussed in Note 20 to the financial statements, the financial impact of Covid-19 and the ensuing emergency measures will impact subsequent periods of the City. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2021

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

The management's discussion and analysis of the City of Munroe Falls' (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. 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 2020 are:

- In total, net position increased \$215,276. Net position of governmental activities increased \$274,329, which represents a 3.88 percent increase from 2019. Net position of business-type activity decreased \$59,053, or a 1.74 percent decrease from 2019.
- Program specific revenues in the form of charges for services and operating assessments, operating grants and contributions and capital grants and contributions accounted for \$2,636,464, or 47.16 percent of total revenues of \$5,590,310. General revenues accounted for \$2,953,846 in revenue, or 52.84 percent of all revenues.
- During 2020, the general fund had \$2,067,514 in revenues and sale of capital assets and \$1,802,954 in expenditures and transfers out, realizing an increase in fund balance of \$264,560.
- Total long-term liabilities decreased by \$866,866 during 2020 primarily due to the net pension liability and the City paying down debt.

Using This Financial Report

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

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

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Reporting the City of Munroe Falls as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did the City do financially during 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

Reporting the City of Munroe Falls' Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
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Proprietary Funds

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

The City as a Whole

The *Statement of Net Position* looks at the City as a whole. Table 1 provides a summary of the City's net position for 2020 compared to 2019.

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$5,848,931	\$5,569,350	\$1,530,092	\$1,604,175	\$7,379,023	\$7,173,525
Capital Assets, Net	7,029,918	6,752,606	3,087,463	3,186,433	10,117,381	9,939,039
<i>Total Assets</i>	<u>12,878,849</u>	<u>12,321,956</u>	<u>4,617,555</u>	<u>4,790,608</u>	<u>17,496,404</u>	<u>17,112,564</u>
Deferred Outflows of Resources						
Pension	511,168	1,014,628	107,197	199,781	618,365	1,209,566
OPEB	306,605	232,812	67,161	48,861	369,511	270,905
<i>Total Deferred Outflows of Resources</i>	<u>817,773</u>	<u>1,247,440</u>	<u>174,358</u>	<u>248,642</u>	<u>987,876</u>	<u>1,480,471</u>
Liabilities						
Current and Other Liabilities	151,577	193,665	24,161	67,589	175,738	261,254
Long-Term Liabilities:						
Due Within One Year	279,022	233,011	224,685	214,175	503,707	447,186
Due in More than One Year:						
Net Pension Liability	2,513,926	3,195,326	375,564	469,322	2,889,490	3,664,648
Net OPEB Liability	832,213	756,813	244,425	208,046	1,076,638	964,859
Other Amounts	1,098,096	1,152,683	479,966	685,387	1,578,062	1,838,070
<i>Total Liabilities</i>	<u>4,874,834</u>	<u>5,531,498</u>	<u>1,348,801</u>	<u>1,644,519</u>	<u>6,223,635</u>	<u>7,176,017</u>
Deferred Inflows of Resources						
Property Taxes	904,572	853,357	0	0	904,572	853,357
Pension	391,667	28,358	79,665	6,466	471,332	29,981
OPEB	179,610	84,573	34,799	564	210,154	74,369
<i>Total Deferred Inflows of Resources</i>	<u>1,475,849</u>	<u>966,288</u>	<u>114,464</u>	<u>7,030</u>	<u>1,586,058</u>	<u>957,707</u>
Net Position						
Net Investment in Capital Assets	5,826,335	5,511,997	2,431,754	2,328,409	8,258,089	7,840,406
Restricted for:						
Capital Projects	27,814	29,191	0	0	27,814	29,191
Debt Service	0	2,557	0	0	0	2,557
Street Maintenance and Repair	1,048,260	1,041,786	0	0	1,048,260	1,041,786
Fire Department	292,207	242,776	0	0	292,207	242,776
EMS	660,028	631,783	0	0	660,028	631,783
Other Purposes	48,734	108,286	0	0	48,734	108,286
Unrestricted (Deficit)	(557,439)	(496,766)	896,894	1,059,292	339,455	562,526
<i>Total Net Position</i>	<u>\$7,345,939</u>	<u>\$7,071,610</u>	<u>\$3,328,648</u>	<u>\$3,387,701</u>	<u>\$10,674,587</u>	<u>\$10,459,311</u>

City of Munroe Falls, Ohio
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The net pension liability (NPL) is the largest liability reported by the City at December 31, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

The increase in net position was due to an increase in cash and cash equivalents, depreciable capital assets, and property taxes receivable, which was partially offset by increases in the net OPEB liability and deferred inflows related to pension and OPEB. The increases were due to changes in assumptions and benefit terms for pension and OPEB plans, respectively.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year. Table 2 shows total revenues, expenses and changes in net position for the years 2020 and 2019.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
Unaudited

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Charges for Services and						
Operating Assessments	\$371,687	\$375,047	\$1,273,261	\$1,055,711	\$1,644,948	\$1,430,758
Operating Grants and Contributions	986,504	468,978	0	0	986,504	468,978
Capital Grants and Contributions	0	0	5,012	5,012	5,012	5,012
Total Program Revenues	1,358,191	844,025	1,278,273	1,060,723	2,636,464	1,904,748
General Revenues:						
Property Taxes	833,822	842,947	0	0	833,822	842,947
Income Tax	1,564,861	1,979,206	0	0	1,564,861	1,979,206
Grants and Entitlements not						
Restricted to Specific Programs	242,832	202,200	0	0	242,832	202,200
Unrestricted Contributions	8,540	5,150	0	0	8,540	5,150
Gain on Sale of Capital Asset	1,257	0	0	0	1,257	0
Interest	96,440	160,254	0	0	96,440	160,254
Other	206,021	229,184	73	33,990	206,094	263,174
Total General Revenues	2,953,773	3,418,941	73	33,990	2,953,846	3,452,931
Total Revenues	4,311,964	4,262,966	1,278,346	1,094,713	5,590,310	5,357,679
Program Expenses:						
General Government	797,498	926,165	0	0	797,498	926,165
Security of Persons and Property	2,277,224	1,191,141	0	0	2,277,224	1,191,141
Transportation	816,248	706,400	0	0	816,248	706,400
Public Health and Welfare	39,233	38,466	0	0	39,233	38,466
Leisure Time Activities	49,479	11,408	0	0	49,479	11,408
Interest and Fiscal Charges	36,953	7,339	0	0	36,953	7,339
Water Operations	0	0	1,358,399	1,429,070	1,358,399	1,429,070
Total Program Expenses	4,016,635	2,880,919	1,358,399	1,429,070	5,375,034	4,309,989
Excess of Revenues Over (Under)						
Expenses	295,329	1,382,047	(80,053)	(334,357)	215,276	1,047,690
Transfers	(21,000)	0	21,000	0	0	0
Change in Net Position	274,329	1,382,047	(59,053)	(334,357)	215,276	1,047,690
Net Position Beginning of Year	7,071,610	5,689,563	3,387,701	3,722,058	10,459,311	9,411,621
Net Position End of Year	\$7,345,939	\$7,071,610	\$3,328,648	\$3,387,701	\$10,674,587	\$10,459,311

Governmental Activities

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

General revenues from property taxes and local government funds are also significant revenue generators. Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding

City of Munroe Falls, Ohio
Management's Discussion and Analysis
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calendar year on assessed values as of January of that preceding year, the lien date. Assessed values are established by the County Fiscal Officer at 35 percent of the appraised market value. All property is required to be revalued every six years with triennial updates. Property tax revenues were just slightly below 2019's amount.

General government expenses include such services as planning, zoning, administration, finance, legal, legislature, and engineering. These expenses decreased due to having fewer payables than the prior year.

The police department continues to operate efficiently utilizing full and part time personnel. The police department operations are funded by property taxes levied specifically for the police operations and by general fund revenues, which are transferred monthly to the police levy fund. The fire department is primarily a volunteer force and works from one fire station. Operations are funded primarily through fire and EMS special levies and EMS billing collections. Security of persons and property spending is carefully monitored; however, 2020 was higher than the prior year due to changes in assumptions related to OPEB expenses that occurred in the prior year. 2020 OPEB expenses are comparable to 2018, prior to the changes for 2019. During 2020, the City also received \$555,808 in CARES Act federal funding, which was primarily used for various security of persons and property expenses.

Transportation costs include street lighting, snow and ice removal, and street maintenance. These costs were higher than 2019 due to lower capitalization of road project expenses than what occurred in the prior year.

The City's Funds

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

Governmental Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. The City focuses on its governmental funds to provide a financial picture of activities as they provide information on how the City did over a period of one year as well as where the City's funds stood at December 31, 2020. The information provided is useful to determine the City's available balances. The City's total 2020 governmental fund balance increased over the prior year.

The most significant fund is the general fund. Even though most revenues decreased in 2020, it was still enough to cover expenditures, which also decreased, in order to increase fund balance by \$264,560 for the year, once other financing sources and uses were factored in.

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

Business-Type Fund

As mentioned earlier, the City's only business-type activity is the water fund. Although net position of the water fund decreased in 2020, the fund did see a sizeable increase in revenues, as well as a decrease in expenses during the year.

City of Munroe Falls, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2020
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The City continues the process of identifying the long-term maintenance and replacement needs of its water line infrastructure and other capital assets requirements. During 2020, the City completed the restoration of the City's South Water Tower and extended the term of the original maintenance agreement to cover the necessary structural repairs. This restoration project was required to ensure that the City complies with EPA maintenance standards.

General Fund Budgeting Highlights

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

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

For the general fund, final budgeted revenues increased over original budgeted revenues. Actual revenues were lower than final budgeted revenues due to the effects of the COVID-19 pandemic. During the pandemic, the City closed its rental facilities in March through the end of the year and temporarily suspended mayor's court for in-person appearances. In addition, the City realized reduced income tax collections due to tax extension deadlines, and loss of revenues due to State mandated business restrictions and closures. The City continued to maintain balances in the general fund by carefully monitoring expenditures and thus maintaining unrestricted cash at year end. The variance from final budget to actual expenditures in general government was due to a concerted effort by the City to reduce expenditures due to the uncertainty of anticipated revenues due to the COVID-19 pandemic.

Capital Assets and Debt Administration

Capital Assets

Governmental activities saw an increase due to the purchase of capital assets outpacing depreciation and deletions, which included city hall window replacements, a security system, fire/EMS equipment and vehicles, and various road improvements. The decrease of business-type activity was due to depreciation outpacing additions. For additional information see Note 10 to the basic financial statements.

Debt Administration

During 2020 total debt obligations decreased due to the repayment of debt exceeding the new State Infrastructure Bank (SIB) loan and new capital lease.

The SIB loan was for the Munroe Falls Paving Program, which includes the rehabilitation of fifty-seven local roads consisting of thirty-seven asphalt concrete pavement surfaced roads and twenty reinforced concrete pavement roads within the City's limits. The SIB loan is paid from the road and bridge fund.

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

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

Current Financial Related Activities

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

Due to the current situation with the Coronavirus (COVID-19), the City experienced a decrease in income tax collections in 2020. The City conservatively estimated income tax revenue for 2021 due to the loss of a significant business relocating outside of the City, paired with the effects of Covid-19 business closures and increased unemployment. The City will recoup a percentage of the relocated tax revenue loss by using an intergovernmental tax revenue sharing agreement with the destination municipality. We do believe that the trend of declined income tax collections will continue into 2021. The City will continue to monitor its revenue and adjust the 2021 revenue certification and appropriations accordingly to maintain a balanced budget for 2021.

Contacting the City's Finance Department

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

City of Munroe Falls, Ohio
Statement of Net Position
December 31, 2020

	Governmental Activities	Business-Type Activity	Total*
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,762,276	\$1,417,955	\$5,180,231
Materials and Supplies Inventory	32,350	0	32,350
Accrued Interest Receivable	14,015	0	14,015
Accounts Receivable	134,078	90,141	224,219
Special Assessments Receivable	18,776	0	18,776
Intergovernmental Receivable	360,140	5,012	365,152
Prepaid Items	13,874	16,984	30,858
Income Taxes Receivable	592,589	0	592,589
Property Taxes Receivable	920,833	0	920,833
Nondepreciable Capital Assets	1,608,396	31,689	1,640,085
Depreciable Capital Assets, Net	5,421,522	3,055,774	8,477,296
<i>Total Assets</i>	<u>12,878,849</u>	<u>4,617,555</u>	<u>17,496,404</u>
Deferred Outflows of Resources			
Pension	511,168	107,197	618,365
OPEB	306,605	67,161	369,511
<i>Total Deferred Outflows of Resources</i>	<u>817,773</u>	<u>174,358</u>	<u>987,876</u>
Liabilities			
Accounts Payable	31,370	5,540	36,910
Deposits Held Payable	6,627	0	6,627
Contracts Payable	7,873	0	7,873
Accrued Wages	50,052	8,714	58,766
Intergovernmental Payable	34,424	5,189	39,613
Accrued Interest Payable	14,740	4,718	19,458
Unearned Revenue	6,491	0	6,491
Long-Term Liabilities:			
Due Within One Year	279,022	224,685	503,707
Due in More Than One Year:			
Net Pension Liability (See Note 14)	2,513,926	375,564	2,889,490
Net OPEB Liability (See Note 15)	832,213	244,425	1,076,638
Other Amounts Due in More Than One Year	1,098,096	479,966	1,578,062
<i>Total Liabilities</i>	<u>4,874,834</u>	<u>1,348,801</u>	<u>6,223,635</u>
Deferred Inflows of Resources			
Property Taxes	904,572	0	904,572
Pension	391,667	79,665	471,332
OPEB	179,610	34,799	210,154
<i>Total Deferred Inflows of Resources</i>	<u>1,475,849</u>	<u>114,464</u>	<u>1,586,058</u>
Net Position			
Net Investment in Capital Assets	5,826,335	2,431,754	8,258,089
Restricted for:			
Capital Projects	27,814	0	27,814
Street Maintenance and Repair	1,048,260	0	1,048,260
Fire Department	292,207	0	292,207
EMS	660,028	0	660,028
Other Purposes	48,734	0	48,734
Unrestricted (Deficit)	(557,439)	896,894	339,455
<i>Total Net Position</i>	<u>\$7,345,939</u>	<u>\$3,328,648</u>	<u>\$10,674,587</u>

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

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Activities
For the Year Ended December 31, 2020

	Program Revenues			
	Expenses	Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$797,498	\$133,890	\$0	\$0
Security of Persons and Property	2,277,224	194,810	635,665	0
Transportation	816,248	31,238	350,839	0
Public Health and Welfare	39,233	6,566	0	0
Leisure Time Activities	49,479	5,183	0	0
Interest and Fiscal Charges	36,953	0	0	0
<i>Total Governmental Activities</i>	4,016,635	371,687	986,504	0
Business-Type Activity:				
Water	1,358,399	1,273,261	0	5,012
<i>Total</i>	\$5,375,034	\$1,644,948	\$986,504	\$5,012

General Revenues

Property Taxes Levied for:

Street Maintenance and Repair

Police Department

Fire Department

EMS

Income Tax Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Unrestricted Contributions

Gain on Sale of Capital Asset

Interest

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
(\$663,608)	\$0	(\$663,608)
(1,446,749)	0	(1,446,749)
(434,171)	0	(434,171)
(32,667)	0	(32,667)
(44,296)	0	(44,296)
(36,953)	0	(36,953)
(2,658,444)	0	(2,658,444)
<u>0</u>	<u>(80,126)</u>	<u>(80,126)</u>
<u>(2,658,444)</u>	<u>(80,126)</u>	<u>(2,738,570)</u>
212,123	0	212,123
296,973	0	296,973
152,215	0	152,215
172,511	0	172,511
1,415,348	0	1,415,348
149,513	0	149,513
242,832	0	242,832
8,540	0	8,540
1,257	0	1,257
96,440	0	96,440
206,021	73	206,094
2,953,773	73	2,953,846
<u>(21,000)</u>	<u>21,000</u>	<u>0</u>
<u>2,932,773</u>	<u>21,073</u>	<u>2,953,846</u>
274,329	(59,053)	215,276
<u>7,071,610</u>	<u>3,387,701</u>	<u>10,459,311</u>
<u>\$7,345,939</u>	<u>\$3,328,648</u>	<u>\$10,674,587</u>

City of Munroe Falls, Ohio

*Balance Sheet
Governmental Funds
December 31, 2020*

	General	Road and Bridge	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$1,566,026	\$468,203	\$96,134	\$301,551	\$601,355	\$721,828	\$3,755,097
Restricted Assets:							
Equity in Pooled Cash and Cash Equivalents	7,179	0	0	0	0	0	7,179
Materials and Supplies Inventory	0	0	0	0	0	32,350	32,350
Accrued Interest Receivable	14,015	0	0	0	0	0	14,015
Accounts Receivable	48,316	0	0	0	85,762	0	134,078
Special Assessments Receivable	0	0	0	0	0	18,776	18,776
Intergovernmental Receivable	148,515	3,267	4,574	13,939	20,520	169,325	360,140
Prepaid Items	6,557	0	5,043	180	667	1,427	13,874
Income Taxes Receivable	552,427	0	0	0	0	40,162	592,589
Property Taxes Receivable	0	221,940	310,718	181,957	206,218	0	920,833
<i>Total Assets</i>	<u>\$2,343,035</u>	<u>\$693,410</u>	<u>\$416,469</u>	<u>\$497,627</u>	<u>\$914,522</u>	<u>\$983,868</u>	<u>\$5,848,931</u>
Liabilities							
Accounts Payable	\$13,984	\$250	\$6,597	\$0	\$2,968	\$7,571	\$31,370
Deposits Held Payable from Restricted Assets	3,083	0	0	0	0	3,544	6,627
Contracts Payable	0	0	0	0	0	7,873	7,873
Accrued Wages	8,995	0	22,845	7,385	4,733	6,094	50,052
Intergovernmental Payable	12,967	0	14,376	1,979	2,101	3,001	34,424
Unearned Revenue	0	0	0	0	0	6,491	6,491
<i>Total Liabilities</i>	<u>39,029</u>	<u>250</u>	<u>43,818</u>	<u>9,364</u>	<u>9,802</u>	<u>34,574</u>	<u>136,837</u>
Deferred Inflows of Resources							
Property Taxes	0	217,993	305,192	178,775	202,612	0	904,572
Unavailable Revenue	446,871	7,214	10,100	17,121	86,532	128,561	696,399
<i>Total Deferred Inflows of Resources</i>	<u>446,871</u>	<u>225,207</u>	<u>315,292</u>	<u>195,896</u>	<u>289,144</u>	<u>128,561</u>	<u>1,600,971</u>
Fund Balances							
Nonspendable	10,653	0	5,043	180	667	33,777	50,320
Restricted	0	467,953	52,316	292,187	614,909	517,317	1,944,682
Committed	93,859	0	0	0	0	269,639	363,498
Assigned	28,595	0	0	0	0	0	28,595
Unassigned	1,724,028	0	0	0	0	0	1,724,028
<i>Total Fund Balances</i>	<u>1,857,135</u>	<u>467,953</u>	<u>57,359</u>	<u>292,367</u>	<u>615,576</u>	<u>820,733</u>	<u>4,111,123</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$2,343,035</u>	<u>\$693,410</u>	<u>\$416,469</u>	<u>\$497,627</u>	<u>\$914,522</u>	<u>\$983,868</u>	<u>\$5,848,931</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2020*

Total Governmental Fund Balances		\$4,111,123
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,029,918
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	16,261	
Income Taxes	347,736	
Intergovernmental	265,273	
Charges for Services	67,129	
Total	696,399	696,399
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(14,740)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
State Infrastructure Bank Loan	(1,044,544)	
Capital Leases	(151,166)	
Compensated Absences	(181,408)	
Total	(1,377,118)	(1,377,118)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred outflows/inflows are not reported in governmental funds:		
Deferred Outflows - Pension	511,168	
Deferred Outflows - OPEB	306,605	
Net Pension Liability	(2,513,926)	
Net OPEB Liability	(832,213)	
Deferred Inflows - Pension	(391,667)	
Deferred Inflows - OPEB	(179,610)	
Total	(3,099,643)	(3,099,643)
 <i>Net Position of Governmental Activities</i>		 \$7,345,939

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	General	Road and Bridge	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total Governmental Funds
Revenues							
Property Taxes	\$0	\$214,163	\$299,829	\$153,865	\$174,381	\$0	\$842,238
Income Taxes	1,430,620	0	0	0	0	152,527	1,583,147
Special Assessments	0	0	0	0	0	18,500	18,500
Intergovernmental	200,407	6,478	10,069	24,222	40,854	916,422	1,198,452
Interest	88,478	0	0	0	0	7,962	96,440
Fines, Licenses and Permits	158,376	0	0	0	0	5,646	164,022
Charges for Services	1,887	0	0	0	133,297	0	135,184
Rentals	5,468	0	0	0	0	0	5,468
Contributions and Donations	8,540	0	200	0	0	965	9,705
Other	169,029	0	0	0	0	36,992	206,021
<i>Total Revenues</i>	<u>2,062,805</u>	<u>220,641</u>	<u>310,098</u>	<u>178,087</u>	<u>348,532</u>	<u>1,139,014</u>	<u>4,259,177</u>
Expenditures							
Current:							
General Government	684,828	2,971	0	2,161	2,450	0	692,410
Security of Persons and Property	59,194	0	1,092,912	122,254	348,160	566,150	2,188,670
Transportation	169,727	183,064	0	0	0	342,461	695,252
Public Health and Welfare	39,233	0	0	0	0	0	39,233
Leisure Time Activities	30,972	0	0	0	0	0	30,972
Capital Outlay	0	0	0	0	0	316,573	316,573
Debt Service:							
Principal Retirement	0	65,575	26,458	0	11,734	92,428	196,195
Interest and Fiscal Charges	0	16,410	1,025	0	552	5,802	23,789
<i>Total Expenditures</i>	<u>983,954</u>	<u>268,020</u>	<u>1,120,395</u>	<u>124,415</u>	<u>362,896</u>	<u>1,323,414</u>	<u>4,183,094</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,078,851</u>	<u>(47,379)</u>	<u>(810,297)</u>	<u>53,672</u>	<u>(14,364)</u>	<u>(184,400)</u>	<u>76,083</u>
Other Financing Sources (Uses)							
Sale of Capital Assets	4,709	0	0	0	0	0	4,709
Inception of Capital Lease	0	0	0	0	0	125,000	125,000
State Infrastructure Bank Loan Issued	0	26,296	0	0	0	0	26,296
Transfers In	0	0	792,000	0	0	27,000	819,000
Transfers Out	(819,000)	0	0	0	0	0	(819,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(814,291)</u>	<u>26,296</u>	<u>792,000</u>	<u>0</u>	<u>0</u>	<u>152,000</u>	<u>156,005</u>
<i>Net Change in Fund Balances</i>	<u>264,560</u>	<u>(21,083)</u>	<u>(18,297)</u>	<u>53,672</u>	<u>(14,364)</u>	<u>(32,400)</u>	<u>232,088</u>
<i>Fund Balances Beginning of Year</i>	<u>1,592,575</u>	<u>489,036</u>	<u>75,656</u>	<u>238,695</u>	<u>629,940</u>	<u>853,133</u>	<u>3,879,035</u>
<i>Fund Balances End of Year</i>	<u>\$1,857,135</u>	<u>\$467,953</u>	<u>\$57,359</u>	<u>\$292,367</u>	<u>\$615,576</u>	<u>\$820,733</u>	<u>\$4,111,123</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020*

Net Change in Fund Balances - Total Governmental Funds	\$232,088
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
Capital Asset Additions	807,474
Current Year Depreciation	(505,710)
Total	301,764
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
	(24,452)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	(8,416)
Income Taxes	(18,286)
Intergovernmental	29,719
Charges for Services	48,513
Total	51,530
Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:	
Inception of Capital Lease	(125,000)
State Infrastructure Bank Loan Issued	(26,296)
Total	(151,296)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
	196,195
Some expenses reported in the statement of activities, such as accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(13,164)
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(36,323)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	222,797
OPEB	3,287
Total	226,084
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities are reported as pension/OPEB expense in the statement of activities:	
Pension	(408,166)
OPEB	(99,931)
Total	(508,097)
<i>Change in Net Position of Governmental Activities</i>	\$274,329

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income Taxes	\$1,500,000	\$1,500,000	\$1,456,542	(\$43,458)
Intergovernmental	209,828	225,139	193,785	(31,354)
Interest	60,000	60,000	83,173	23,173
Fines, Licenses and Permits	202,000	202,000	157,145	(44,855)
Charges for Services	4,000	4,000	1,887	(2,113)
Rentals	21,000	21,000	5,468	(15,532)
Contributions and Donations	5,400	5,400	8,540	3,140
Other	110,000	110,000	169,029	59,029
<i>Total Revenues</i>	<u>2,112,228</u>	<u>2,127,539</u>	<u>2,075,569</u>	<u>(51,970)</u>
Expenditures				
Current:				
General Government	993,721	992,721	782,781	209,940
Security of Persons and Property	85,133	85,633	69,354	16,279
Transportation	154,683	161,683	138,160	23,523
Public Health and Welfare	39,000	39,500	39,233	267
Leisure Time Activities	46,385	51,385	35,635	15,750
<i>Total Expenditures</i>	<u>1,318,922</u>	<u>1,330,922</u>	<u>1,065,163</u>	<u>265,759</u>
<i>Excess of Revenues Over Expenditures</i>	<u>793,306</u>	<u>796,617</u>	<u>1,010,406</u>	<u>213,789</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,000	3,000	4,709	1,709
Transfers Out	(901,000)	(829,000)	(828,000)	1,000
<i>Total Other Financing Sources (Uses)</i>	<u>(898,000)</u>	<u>(826,000)</u>	<u>(823,291)</u>	<u>2,709</u>
<i>Net Change in Fund Balance</i>	(104,694)	(29,383)	187,115	216,498
<i>Fund Balance Beginning of Year</i>	1,126,496	1,126,496	1,126,496	0
Prior Year Encumbrances Appropriated	109,322	109,322	109,322	0
<i>Fund Balance End of Year</i>	<u>\$1,131,124</u>	<u>\$1,206,435</u>	<u>\$1,422,933</u>	<u>\$216,498</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Road and Bridge Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$215,479	\$215,659	\$214,163	(\$1,496)
Intergovernmental	7,000	7,000	6,478	(522)
<i>Total Revenues</i>	<u>222,479</u>	<u>222,659</u>	<u>220,641</u>	<u>(2,018)</u>
Expenditures				
Current:				
General Government	3,700	3,700	2,971	729
Transportation	302,854	302,854	197,988	104,866
Debt Service:				
Principal Retirement	65,575	65,575	65,575	0
Interest and Fiscal Charges	16,410	16,410	16,410	0
<i>Total Expenditures</i>	<u>388,539</u>	<u>388,539</u>	<u>282,944</u>	<u>105,595</u>
<i>Excess of Revenues Under Expenditures</i>	(166,060)	(165,880)	(62,303)	103,577
Other Financing Sources				
State Infrastructure Bank Loan Issued	0	0	16,178	16,178
<i>Net Change in Fund Balance</i>	(166,060)	(165,880)	(46,125)	119,755
<i>Fund Balance Beginning of Year</i>	470,290	470,290	470,290	0
Prior Year Encumbrances Appropriated	19,039	19,039	19,039	0
<i>Fund Balance End of Year</i>	<u>\$323,269</u>	<u>\$323,449</u>	<u>\$443,204</u>	<u>\$119,755</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$302,372	\$302,622	\$299,829	(\$2,793)
Intergovernmental	13,800	31,500	10,069	(21,431)
Contributions and Donations	1,000	1,000	200	(800)
<i>Total Revenues</i>	<u>317,172</u>	<u>335,122</u>	<u>310,098</u>	<u>(25,024)</u>
Expenditures				
Current:				
Security of Persons and Property	1,155,589	1,138,889	1,083,533	55,356
Debt Service:				
Principal Retirement	26,458	26,458	26,458	0
Fire	1,025	1,025	1,025	0
<i>Total Expenditures</i>	<u>1,183,072</u>	<u>1,166,372</u>	<u>1,111,016</u>	<u>55,356</u>
<i>Excess of Revenues Under Expenditures</i>	(865,900)	(831,250)	(800,918)	30,332
Other Financing Sources				
Transfers In	864,000	792,000	792,000	0
<i>Net Change in Fund Balance</i>	(1,900)	(39,250)	(8,918)	30,332
<i>Fund Balance Beginning of Year</i>	91,971	91,971	91,971	0
Prior Year Encumbrances Appropriated	5,672	5,672	5,672	0
<i>Fund Balance End of Year</i>	<u>\$95,743</u>	<u>\$58,393</u>	<u>\$88,725</u>	<u>\$30,332</u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Department Special Levy Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$153,973	\$154,600	\$153,865	(\$735)
Intergovernmental	25,000	25,000	24,222	(778)
<i>Total Revenues</i>	178,973	179,600	178,087	(1,513)
Expenditures				
Current:				
General Government	2,500	2,500	2,161	339
Security of Persons and Property	333,864	333,864	118,194	215,670
<i>Total Expenditures</i>	336,364	336,364	120,355	216,009
<i>Net Change in Fund Balance</i>	(157,391)	(156,764)	57,732	214,496
<i>Fund Balance Beginning of Year</i>	241,213	241,213	241,213	0
Prior Year Encumbrances Appropriated	1,464	1,464	1,464	0
<i>Fund Balance End of Year</i>	\$85,286	\$85,913	\$300,409	\$214,496

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
EMS Special Levy Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$173,836	\$174,547	\$174,381	(\$166)
Intergovernmental	33,000	37,723	36,131	(1,592)
Charges for Services	180,000	180,000	141,775	(38,225)
<i>Total Revenues</i>	<u>386,836</u>	<u>392,270</u>	<u>352,287</u>	<u>(39,983)</u>
Expenditures				
Current:				
General Government	2,800	2,800	2,450	350
Security of Persons and Property	521,458	526,558	360,292	166,266
Debt Service:				
Principal Retirement	11,734	11,734	11,734	0
Interest and Fiscal Charges	552	552	552	0
<i>Total Expenditures</i>	<u>536,544</u>	<u>541,644</u>	<u>375,028</u>	<u>166,616</u>
<i>Net Change in Fund Balance</i>	(149,708)	(149,374)	(22,741)	126,633
<i>Fund Balance Beginning of Year</i>	376,819	376,819	376,819	0
Prior Year Encumbrances Appropriated	<u>232,344</u>	<u>232,344</u>	<u>232,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$459,455</u></u>	<u><u>\$459,789</u></u>	<u><u>\$586,422</u></u>	<u><u>\$126,633</u></u>

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Fund Net Position
Enterprise Fund
December 31, 2020

	Water
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$1,417,955
Accounts Receivable	90,141
Intergovernmental Receivable	5,012
Prepaid Items	16,984
<i>Total Current Assets</i>	1,530,092
<i>Non-Current Assets:</i>	
Nondepreciable Capital Assets	31,689
Depreciable Capital Assets, Net	3,055,774
<i>Total Non-Current Assets</i>	3,087,463
<i>Total Assets</i>	4,617,555
Deferred Outflows of Resources	
Pension	107,197
OPEB	67,161
<i>Total Deferred Outflows of Resources</i>	174,358
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	5,540
Accrued Wages	8,714
Intergovernmental Payable	5,189
Accrued Interest Payable	4,718
Compensated Absences Payable	17,303
General Obligation Bonds Payable	30,000
Capital Leases Payable	177,382
<i>Total Current Liabilities</i>	248,846
<i>Long-Term Liabilities (net of current portion):</i>	
Compensated Absences Payable	22,649
General Obligation Bonds Payable	183,990
Capital Leases Payable	273,327
Net Pension Liability	375,564
Net OPEB Liability	244,425
<i>Total Long-Term Liabilities</i>	1,099,955
<i>Total Liabilities</i>	1,348,801
Deferred Inflows of Resources	
Pension	79,665
OPEB	34,799
<i>Total Deferred Inflows of Resources</i>	114,464
Net Position	
Net Investment in Capital Assets	2,431,754
Unrestricted	896,894
<i>Total Net Position</i>	\$3,328,648

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Enterprise Fund
For the Year Ended December 31, 2020*

	Water
Operating Revenues	
Charges for Services	\$1,273,261
Other	73
	1,273,334
<i>Total Operating Revenues</i>	
Operating Expenses	
Personal Services	421,771
Contractual Services	697,161
Materials and Supplies	43,296
Depreciation	168,868
	1,331,096
<i>Total Operating Expenses</i>	
<i>Operating Loss</i>	(57,762)
Non-Operating Expenses	
Interest and Fiscal Charges	(27,303)
	(85,065)
<i>Loss before Capital Contributions</i>	
Capital Contributions	26,012
	(59,053)
<i>Change in Net Position</i>	
<i>Net Position Beginning of Year</i>	3,387,701
	\$3,328,648
<i>Net Position End of Year</i>	\$3,328,648

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Statement of Cash Flows
Enterprise Fund
For the Year Ended December 31, 2020

	Water
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,272,728
Other Cash Receipts	73
Cash Payments to Employees for Services	(278,330)
Cash Payments for Goods and Services	(799,899)
	194,572
<i>Net Cash Provided by Operating Activities</i>	
Cash Flows from Capital and Related Financing Activities	
Cash Received from Capital Grants	5,012
Payments for Capital Acquisitions	(48,898)
Principal Paid on General Obligation Bonds	(30,000)
Principal Paid on Capital Leases	(172,315)
Interest Paid on General Obligation Bonds	(10,100)
Interest Paid on Capital Leases	(19,501)
	(275,802)
<i>Net Cash Used for Capital and Related Financing Activities</i>	
	(81,230)
<i>Net Decrease in Cash and Cash Equivalents</i>	
	(81,230)
<i>Cash and Cash Equivalents Beginning of Year</i>	1,499,185
<i>Cash and Cash Equivalents End of Year</i>	\$1,417,955

(continued)

City of Munroe Falls, Ohio
Statement of Cash Flows
Enterprise Fund (continued)
For the Year Ended December 31, 2020

	Water
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(\$57,762)
Adjustments:	
Depreciation	168,868
Decrease in Assets:	
Accounts Receivable	(533)
Prepaid Items	(6,614)
Decrease in Deferred Outflows:	
Pension	128,435
OPEB	59,697
Increase (Decrease) in Liabilities:	
Accounts Payable	(2,166)
Accrued Wages	4,594
Intergovernmental Payable	(45,057)
Compensated Absences Payable	8,903
Net Pension Liability	8,510
Net OPEB Liability	14,874
Decrease in Deferred Inflows:	
Pension	(64,920)
OPEB	(22,257)
<i>Net Cash Provided by Operating Activities</i>	\$194,572

Noncash Capital Financing Activities

During 2020, equipment with a book value of \$21,000 was transferred from governmental activities to the water enterprise fund. This amount is included in capital contributions.

See accompanying notes to the basic financial statements

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 – Description of the City and Reporting Entity

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

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

Reporting Entity

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

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

The City participates in one insurance purchasing pool, the Ohio Association of Public Treasurers rating pool. This organization is discussed in Note 18.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Fund Accounting

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

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

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

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

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

Fire Department Special Levy Fund The fire department special levy special revenue fund accounts for and reports property tax collections restricted for 50 percent of full-time fire department salaries and fringe benefits.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

EMS Special Levy Fund The EMS special levy special revenue fund accounts for and reports property tax collections restricted to support EMS services in the City and 50 percent of full-time fire department salaries and fringe benefits.

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

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants and charges for services. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 14 and 15).

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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.

Unearned Revenue

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

Cash and Cash Equivalents

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

During 2020, investments were limited to federal home loan bank bonds, federal national mortgage association bonds, federal agriculture mortgage corporation bonds, federal farm credit bank bonds, private export funding corporation bonds, and negotiable certificates of deposit, which are all reported at fair value.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2020 amounted to \$88,478, which includes \$48,151 assigned from other City funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2020, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

Inventory

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

Restricted Assets

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the position or materially extend an asset's life are not.

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

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

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

Compensated Absences

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position are not sufficient for payment of those benefits.

Fund Balance

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

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

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

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

Net Position

Net position represents the difference between all other elements in the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes included resources which will be used for security of persons and property, transportation, public health and welfare, and leisure time activities.

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

Operating Revenues and Expenses

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from outside contributions of resources restricted to capital acquisition and construction.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Premiums

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

Internal Activity

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

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

Interfund Balances

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

Estimates

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

Minimum Fund Balance Policy

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by Council at the personal services and other object level within each fund and department. For the other object level the Finance Director has been authorized to allocate appropriations within each department and any object level which the department head maintains on their books, other than personal services.

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 – Change in Accounting Principle

For 2020, the City implemented the Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations. GASB Statement 83 addresses accounting and financial reporting for certain asset retirement obligations (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The City has no assets with a legally enforceable liability; therefore, there was no effect on the net position as of December 31, 2019.

Note 4 – Fund Balances

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

City of Munroe Falls, Ohio
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Fund Balances	General	Road and Bridge	Police Levy	Fire Department Special Levy	EMS Special Levy	Other Governmental Funds	Total
<i>Nonspendable:</i>							
Materials and Supplies Inventory	\$0	\$0	\$0	\$0	\$0	\$32,350	\$32,350
Prepaid Items	6,557	0	5,043	180	667	1,427	13,874
Unclaimed Monies	4,096	0	0	0	0	0	4,096
Total Nonspendable	10,653	0	5,043	180	667	33,777	50,320
<i>Restricted to:</i>							
Capital Projects	0	0	0	0	0	27,814	27,814
Debt Service	0	0	0	0	0	4,133	4,133
Street Maintenance and Repair	0	467,953	0	0	0	453,328	921,281
Fire Department	0	0	0	292,187	0	0	292,187
EMS	0	0	0	0	614,909	0	614,909
Other Purposes	0	0	52,316	0	0	32,042	84,358
Total Restricted	0	467,953	52,316	292,187	614,909	517,317	1,944,682
<i>Committed to:</i>							
Capital Projects	0	0	0	0	0	215,906	215,906
Other Purposes	0	0	0	0	0	53,733	53,733
Compensated Absences	93,859	0	0	0	0	0	93,859
Total Committed	93,859	0	0	0	0	269,639	363,498
<i>Assigned to:</i>							
Purchases on Order	28,595	0	0	0	0	0	28,595
<i>Unassigned</i>							
	1,724,028	0	0	0	0	0	1,724,028
Total Fund Balances	\$1,857,135	\$467,953	\$57,359	\$292,367	\$615,576	\$820,733	\$4,111,123

Note 5 – Internal Activity

Internal Balances – Change in Proportionate Share

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

Pension eliminations made between governmental activities and business-type activity totaled \$0 in deferred inflows of resources and deferred outflows of resources, respectively.

OPEB eliminations made between governmental activities and business-type activity totaled \$4,255 in deferred inflows of resources and deferred outflows of resources, respectively.

City of Munroe Falls, Ohio
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Interfund Transfers

Transfers from the general fund of \$819,000 were used to move unrestricted revenues collected in the general fund to finance the police program accounted for in police levy fund in the amount of \$792,000 and to finance capital improvements accounted for in the capital improvement fund in the amount of \$27,000, in accordance with budgetary authorizations, to provide additional resources for current operations.

Note 6 – Encumbrances

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

Governmental Activities:	
General	\$44,502
Road and Bridge	24,999
Police Levy	7,409
Fire Department Special Levy	1,142
EMS Special Levy	14,933
Other Governmental Funds	<u>86,290</u>
	179,275
Business-Type Activity:	
Water	<u>24,242</u>
Total	<u><u>\$203,517</u></u>

Note 7 – Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments are reported at fair value (GAAP) rather than cost (budget).
3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Munroe Falls, Ohio
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4. Budgetary revenues and expenditures of the compensated absences fund are reclassified to the general fund for GAAP reporting.
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned fund balance (GAAP).

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

Net Change in Fund Balance General and Major Special Revenue Funds					
	General	Road and Bridge	Police Levy	Fire Special Levy	EMS Special Levy
GAAP Basis	\$264,560	(\$21,083)	(\$18,297)	\$53,672	(\$14,364)
Adjustment for Revenue Accruals	23,555	(10,118)	0	0	3,755
Beginning Fair Value Adjustment for Investment	1,120	0	0	0	0
Ending Fair Value Adjustment for Investments	(11,911)	0	0	0	0
Adjustment for Expenditure Accruals	(36,707)	10,075	16,788	5,202	2,801
Perspective Difference:					
Compensated Absences	(9,000)	0	0	0	0
Adjustment for Encumbrances	(44,502)	(24,999)	(7,409)	(1,142)	(14,933)
Budget Basis	<u>\$187,115</u>	<u>(\$46,125)</u>	<u>(\$8,918)</u>	<u>\$57,732</u>	<u>(\$22,741)</u>

Note 8 – Deposits and Investments

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

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

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

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

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

City of Munroe Falls, Ohio
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Interim monies held by the City can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivision of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

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

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

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

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

Investments

As of December 31, 2020, the City had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	\$718,809	Less than two years	AA+	26.75%
Federal National Mortgage Association Bonds	224,436	Less than five years	AA+	8.35
Federal Agriculture Mortgage Corporation Bonds	453,392	Less than one year	AA+	16.87
Federal Farm Credit Bank Bonds	190,543	Less than three years	AA+	7.09
Private Export Funding Corporation Bonds	341,280	Less than two years	N/A	12.70
Negotiable Certificates of Deposit	758,759	Less than five years	N/A	28.24
Total Investments	<u>\$2,687,219</u>			<u>100.00%</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The preceding chart identifies the City’s recurring fair value measurements as of December 31, 2020. All of the City’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

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

Credit Risk The City has no investment policy that addresses credit risk.

City of Munroe Falls, Ohio
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For the Year Ended December 31, 2020

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

Note 9 – Receivables

Receivables at December 31, 2020, consisted primarily of municipal income taxes, property taxes, accounts, special assessments for street lighting, interest, and intergovernmental receivables arising from grants, entitlements, and shared revenues. All receivables are deemed collectible in full and are expected to be received within one year; however, property taxes and income taxes, although ultimately collectible, include some portions of delinquencies that will not be collected within one year.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

2020 real property taxes are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The tax rate for all City operations for the year ended December 31, 2020, was \$8.00 per \$1,000 of assessed value, which is lower than the prior year due to the nonrenewal of a levy. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

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

The County Fiscal Officer collects property taxes on behalf of all taxing districts in the county, including the City of Munroe Falls. The County Fiscal Officer periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2020, and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2021 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Municipal Income Taxes

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

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

Intergovernmental Receivable

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	
Gas Tax Distribution	\$135,809
Local Government	83,972
FEMA Grants	41,804
Homestead and Rollback	37,577
Stow-Munroe Falls CSD	21,750
Permissive Tax	18,432
Motor Vehicle License Tax	15,084
City of Cuyahoga Falls	<u>5,712</u>
Total Governmental Activities	360,140
Business-Type Activity:	
ReWorks Grant	<u>5,012</u>
Total	<u><u>\$365,152</u></u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 – Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Deductions	Transfers	Balance 12/31/2020
<i>Governmental Activities:</i>					
<i>Capital Assets, not being depreciated</i>					
Land	\$1,608,396	\$0	\$0	\$0	\$1,608,396
Construction in Progress	1,172,789	33,951	(1,206,740)	0	0
<i>Total Capital Assets, not being depreciated</i>	<u>2,781,185</u>	<u>33,951</u>	<u>(1,206,740)</u>	<u>0</u>	<u>1,608,396</u>
<i>Capital Assets, being depreciated</i>					
Land Improvements	383,180	0	0	0	383,180
Buildings and Improvements	3,912,461	7,873	(7,803)	0	3,912,531
Equipment	2,780,240	632,939	(61,695)	(21,000)	3,330,484
Infrastructure	1,692,308	1,339,451	0	0	3,031,759
<i>Total Capital Assets, being depreciated</i>	<u>8,768,189</u>	<u>1,980,263</u>	<u>(69,498)</u>	<u>(21,000)</u>	<u>10,657,954</u>
<i>Less Accumulated Depreciation:</i>					
Land Improvements	(264,376)	(15,487)	0	0	(279,863)
Buildings and Improvements	(1,898,597)	(89,916)	4,817	0	(1,983,696)
Equipment	(2,086,829)	(276,452)	61,229	0	(2,302,052)
Infrastructure	(546,966)	(123,855)	0	0	(670,821)
<i>Total Accumulated Depreciation</i>	<u>(4,796,768)</u>	<u>(505,710) *</u>	<u>66,046</u>	<u>0</u>	<u>(5,236,432)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>3,971,421</u>	<u>1,474,553</u>	<u>(3,452)</u>	<u>(21,000)</u>	<u>5,421,522</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$6,752,606</u>	<u>\$1,508,504</u>	<u>(\$1,210,192)</u>	<u>(\$21,000)</u>	<u>\$7,029,918</u>

* Depreciation expense was charged to governmental activities as follows:

General Government	\$52,340
Security of Persons and Property	229,142
Transportation	205,721
Leisure Time Activities	18,507
Total Depreciation Expense	<u>\$505,710</u>

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Capital asset activity for business-type activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Deductions	Transfer	Balance 12/31/2020
<i>Business-Type Activity:</i>					
<i>Capital Assets, not being depreciated</i>					
Land	\$31,689	\$0	\$0	\$0	\$31,689
<i>Capital Assets, being depreciated</i>					
Buildings and Improvements	986,446	6,715	0	0	993,161
Equipment	1,364,696	42,183	0	21,000	1,427,879
Infrastructure	3,947,222	0	0	0	3,947,222
<i>Total Capital Assets, being depreciated</i>	6,298,364	48,898	0	21,000	6,368,262
<i>Less Accumulated Depreciation:</i>					
Buildings and Improvements	(534,244)	(19,200)	0	0	(553,444)
Equipment	(689,498)	(70,894)	0	0	(760,392)
Infrastructure	(1,919,878)	(78,774)	0	0	(1,998,652)
<i>Total Accumulated Depreciation</i>	(3,143,620)	(168,868)	0	0	(3,312,488)
<i>Total Capital Assets being depreciated, Net</i>	3,154,744	(119,970)	0	21,000	3,055,774
<i>Business-Type Activity Capital Assets, Net</i>	\$3,186,433	(\$119,970)	\$0	\$21,000	\$3,087,463

Note 11 – Capital Leases

In prior years, the City entered into leases for a dump truck, excavators, a leaf vacuum, water meters and meter readers, EMS cots, snow plow trucks, a waterline replacement project, and a radio system. In 2020, the City entered into another lease for a wheel loader. The lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. Capital assets were capitalized at the present value of the minimum lease payments at the time the lease was entered into. The assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activity
Asset:		
Equipment	\$591,688	\$822,407
Infrastructure	0	639,593
Less: Accumulated depreciation	(385,423)	(290,111)
Total	\$206,265	\$1,171,889

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

	Governmental Activities	Business-Type Activity
2021	\$66,668	\$191,206
2022	39,429	80,845
2023	26,993	70,669
2024	26,849	70,668
2025	0	70,670
Total Minimum Lease Payment	159,939	484,058
Less: Amount Representing Interest	(8,773)	(33,349)
Present Value of Minimum Lease Payments	\$151,166	\$450,709

Note 12 – Other Employee Benefits

Compensated Absences

Full-time employees earn vacation leave based on their completed years of service. Vacation leave is accrued each pay period at varying rates based on their service year. An employee may carry over a maximum of 200 hours of vacation leave of the prior year in addition to the annual amount of vacation earned. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

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

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

Insurance

During 2020, the City provided employee medical benefits through the Summit County Regionalization Program, offering its employees a PPO Health Plan. The plan is a 4-tier rate structure with a choice for single, employee and spouse, employee and children, or family coverage. The PPO monthly cost ranges from \$609.06 up to \$1,827.18. Employees electing to participate in the City’s health insurance contribute 15 percent of the monthly premium.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 13 – Long-Term Obligations

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

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

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

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Amounts Due In One Year
Governmental Activities:					
<i>State Infrastructure Bank Loan from Direct Borrowing:</i>					
2018 Various Roads Program Loan	\$1,083,823	\$26,296	(\$65,575)	\$1,044,544	\$136,227
<i>Other Long-Term Obligations:</i>					
Capital Leases	156,786	125,000	(130,620)	151,166	62,380
Compensated Absences	145,085	97,789	(61,466)	181,408	80,415
Net Pension Liability:					
OPERS	1,206,823	0	(287,340)	919,483	0
OPF	1,988,503	0	(394,060)	1,594,443	0
Total Net Pension Liability	3,195,326	0	(681,400)	2,513,926	0
Net OPEB Liability:					
OPERS	534,969	63,451	0	598,420	0
OPF	221,844	11,949	0	233,793	0
Total Net OPEB Liability	756,813	75,400	0	832,213	0
Total Other Long-Term Obligations	4,254,010	298,189	(873,486)	3,678,713	142,795
Total Governmental Activities	\$5,337,833	\$324,485	(\$939,061)	\$4,723,257	\$279,022

City of Munroe Falls, Ohio
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For the Year Ended December 31, 2020

	Balance 12/31/2019	Issued	Retired	Balance 12/31/2020	Amounts Due In One Year
Business-Type Activity:					
<i>General Obligation Bonds:</i>					
2011 Capital Asset Acquisition Bonds	\$235,000	\$0	(\$30,000)	\$205,000	\$30,000
Premium on Bonds	10,489	0	(1,499)	8,990	0
Total General Obligation Bonds	<u>245,489</u>	<u>0</u>	<u>(31,499)</u>	<u>213,990</u>	<u>30,000</u>
<i>Other Long-Term Obligations:</i>					
Capital Leases	623,024	0	(172,315)	450,709	177,382
Compensated Absences	31,049	20,763	(11,860)	39,952	17,303
Net Pension Liability - OPERS	469,322	0	(93,758)	375,564	0
Net OPEB Liability - OPERS	208,046	36,379	0	244,425	0
Total Other Long-Term Obligations	<u>1,331,441</u>	<u>57,142</u>	<u>(277,933)</u>	<u>1,110,650</u>	<u>194,685</u>
Total Business-Type Activity	<u>\$1,576,930</u>	<u>\$57,142</u>	<u>(\$309,432)</u>	<u>\$1,324,640</u>	<u>\$224,685</u>

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

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

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

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

In May 2017, the City entered into a capital lease to purchase a radio system through Motorola Solutions. The amount of the lease is \$196,323, with an interest rate of 3.88 percent. The final annual payment of principal and interest was paid on June 17, 2020. The payment were paid out of the City's police levy fund, EMS special levy fund and capital improvement fund.

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

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The City has entered into a contractual agreement for a construction loan from the State Infrastructure Bank (SIB). Under the terms of these agreements, the SIB will reimburse, advance or directly pay the construction costs of approved projects. A line of credit has been established with the SIB in the amount of \$1,100,000 for the rehabilitation of fifty-seven local roads consisting of thirty-seven asphalt concrete payment surfaced roads and twenty reinforced concrete payment roads. The balance of the loan at December 31, 2020, was \$1,044,544.

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

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

As of December 31, 2020, the City's overall legal debt margin was \$12,612,868 and the unvoted legal debt margin was \$6,403,708. Principal and interest requirements to retire the outstanding debt at December 31, 2020, are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activity</u>	
	State Infrastructure		General Obligation	
	Bank Loan		Bonds	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$136,227	\$30,322	\$30,000	\$8,750
2022	140,344	26,205	30,000	7,550
2023	144,586	21,963	35,000	6,350
2024	148,956	17,593	35,000	4,950
2025	153,459	13,090	35,000	3,375
2026	158,097	8,452	40,000	1,800
2027	162,875	3,674	0	0
Totals	<u>\$1,044,544</u>	<u>\$121,299</u>	<u>\$205,000</u>	<u>\$32,775</u>

Note 14 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

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

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

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

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

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

	State and Local
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2020 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

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

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

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

For 2020, the City's contractually required contribution was \$127,488 for the traditional plan and \$0 for the member-directed plan. Of these amounts, \$14,747 is reported as an intergovernmental payable for the traditional plan and \$0 for the member-directed plan. The City does not contribute to the combined plan.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

City full-time police and firefighters participate in OPF, a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF 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.

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF's Comprehensive Annual Financial Report referenced previously for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the Consumer Price Index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

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

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2020 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 %

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$132,281 for 2020. Of this amount, \$13,314 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City's defined benefit pension plans:

	OPERS	OPF	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00655200%	0.02366860%	
Prior Measurement Date	0.00612000%	0.02436100%	
Change in Proportionate Share	<u>0.00043200%</u>	<u>-0.00069240%</u>	
Proportionate Share of the Net Pension Liability	\$1,295,047	\$1,594,443	\$2,889,490
Pension Expense	\$271,291	\$245,872	\$517,163

2020 pension expense for the member-directed defined contribution plan was \$0.

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$60,354	\$60,354
Changes of assumptions	69,171	39,140	108,311
Changes in proportion and differences between City contributions and proportionate share of contributions	83,154	106,777	189,931
City contributions subsequent to the measurement date	127,488	132,281	259,769
<i>Total Deferred Outflows of Resources</i>	<u>\$279,813</u>	<u>\$338,552</u>	<u>\$618,365</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$16,374	\$82,232	\$98,606
Net difference between projected and actual earnings on pension plan investments	258,333	77,024	335,357
Changes in proportion and differences between City contributions and proportionate share of contributions	0	37,369	37,369
<i>Total Deferred Inflows of Resources</i>	<u>\$274,707</u>	<u>\$196,625</u>	<u>\$471,332</u>

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\$259,769 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OPF	Total
Year Ending December 31:			
2021	\$32,601	\$26,216	\$58,817
2022	(63,106)	25,983	(37,123)
2023	10,697	42,937	53,634
2024	(102,574)	(75,199)	(177,773)
2025	0	(10,291)	(10,291)
Total	(\$122,382)	\$9,646	(\$112,736)

Actuarial Assumptions – OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019, are presented as follows:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the traditional pension plan, the defined benefit component of the combined plan and the annuitized accounts of the member-directed plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

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

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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 7.2 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 (6.2 percent) or one percentage point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$2,135,952	\$1,295,047	\$539,099

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. 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 the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2019, are presented as follows:

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2019, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation Linked Bonds*	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	120.00 %	

Note: Assumptions are geometric.

* levered 2x

OPF's Board of Trustees has incorporated the risk parity concept into OPF's 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 preceding, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the City's proportionate share of net pension liability calculated using the discount rate of 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$2,209,843	\$1,594,443	\$1,079,723

Note 15 – Defined Benefit OPEB Plans

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment 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 separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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' Comprehensive Annual Financial Report referenced later for additional information.

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

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

The City's contractually required contribution was \$0 for 2020.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

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

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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OPF was \$3,287 for 2020. Of this amount, \$331 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OPF	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.00610200%	0.02366860%	
Prior Measurement Date	0.00569900%	0.02436100%	
Change in Proportionate Share	<u>0.00040300%</u>	<u>-0.00069240%</u>	
Proportionate Share of the Net OPEB Liability	\$842,845	\$233,793	\$1,076,638
OPEB Expense	\$118,297	\$33,948	\$152,245

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OPF	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$22	\$0	\$22
Changes of assumptions	133,414	136,684	270,098
Changes in proportion and differences between City contributions and proportionate share of contributions	41,552	54,552	96,104
City contributions subsequent to the measurement date	0	3,287	3,287
<i>Total Deferred Outflows of Resources</i>	<u>\$174,988</u>	<u>\$194,523</u>	<u>\$369,511</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$77,082	\$25,142	\$102,224
Changes of assumptions	0	49,824	49,824
Net difference between projected and actual earnings on OPEB plan investments	42,917	10,758	53,675
Changes in proportion and differences between City contributions and proportionate share of contributions	419	4,012	4,431
<i>Total Deferred Inflows of Resources</i>	<u>\$120,418</u>	<u>\$89,736</u>	<u>\$210,154</u>

\$3,287 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OPF	Total
Year Ending December 31:			
2021	\$49,986	\$19,269	\$69,255
2022	22,888	19,269	42,157
2023	35	21,475	21,510
2024	(18,339)	17,996	(343)
2025	0	18,923	18,923
Thereafter	0	4,568	4,568
Total	<u>\$54,570</u>	<u>\$101,500</u>	<u>\$156,070</u>

Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current measurement date	2.75 percent
Prior measurement date	3.71 percent
Health Care Cost Trend Rate:	
Current measurement date	10.5 percent, initial 3.50 percent, ultimate in 2030
Prior measurement date	10.00 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the traditional pension plan, combined plan and member-directed plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	100.00 %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 2.75 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 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$1,102,998	\$842,845	\$634,547

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the City's proportionate share of the net OPEB liability calculated using the assumed trend rates, and the City's proportionate share of the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 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 liability	\$817,973	\$842,845	\$867,399

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions – OPF

OPF's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

City of Munroe Falls, Ohio
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For the Year Ended December 31, 2020

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Single Discount Rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

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

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. For 2018, the total OPEB liability was calculated using the discount rate of 4.66 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

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OPF'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 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent for 2019 and 4.66 percent for 2018. 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 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, 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 City's proportionate share of the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$289,887	\$233,793	\$187,181

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

Note 16 – Contingencies

Grants

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

Note 17 – Risk Management

Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2020, the City's property and liability insurance carriers were Selective Insurance Company (Commercial Package), Hudson Insurance Company (Law Enforcement), and Hanover Insurance Group (Governmental Crime).

The City insured its property, including building and contents, up to \$12,046,453 with a \$500 deductible. In addition, the City carried insurance for commercial property coverage, commercial automobile, commercial umbrella coverage, public officials' liability (\$10,000 deductible), and law enforcement liability with limits of \$1,000,000 per claim/aggregate limit. In addition, the City's general liability and employee benefits liability was covered up to \$1,000,000 per claim with an aggregate limit of \$2,000,000. The City also carried

City of Munroe Falls, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

inland marine insurance for scheduled equipment with a \$500 deductible and crime insurance covering employee theft per loss up to \$500,000 with a \$5,000 deductible. The umbrella liability has a \$6,000,000 limit per occurrence and an annual aggregate limit of \$6,000,000. The aggregate limit applies separately to each line of coverage and per location. There has not been a significant reduction in coverage from the prior year. Claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

The City participates in the Ohio Association of Public Treasurer's (OAPT) group retrospective rating pool (See Note 18). The intent of the OAPT is to achieve the benefit of a reduced premium for the participants, foster safer working environments and foster cost-effective claims management by virtue of its grouping and representation with other participants. The workers' compensation experience rating of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the group. Each participant pays its workers' compensation premium to the State based on the rate for the OAPT group rather than its individual rate. Participation in the OAPT group is limited to cities that can meet the OAPT's selection criteria. The firm of Comp Management, Incorporated provides administrative, cost control, and actuarial services to the OAPT.

Note 18 – Insurance Purchasing Pool

The Ohio Association of Public Treasurers has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The governing body is composed of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the City and the other group members. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Incorporated to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on claims experience of each member as compared to the total claims experience of the group.

Note 19 – Asset Retirement Obligations

The Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City may be responsible to address any public safety issues associated with their lift stations, requiring the City to record an asset retirement obligation (ARO). There may be additional AROs related to public safety issues; however, these amounts are not reasonably estimable. Currently, there is significant uncertainty as to what items would need to be addressed; therefore, a reliable estimated amount could not be determined.

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding will be available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Required Supplementary Information

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

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.00655200%	0.00612000%	0.00563400%	0.00572400%
City's Proportionate Share of the Net Pension Liability	\$1,295,047	\$1,676,145	\$883,867	\$1,299,823
City's Covered Payroll	\$921,850	\$826,079	\$744,554	\$739,917
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.48%	202.90%	118.71%	175.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%

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

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.00615800%	0.00579400%	0.00579400%
\$1,066,644	\$698,821	\$683,037
\$767,736	\$710,308	\$678,300
138.93%	98.38%	100.70%
81.08%	86.45%	86.36%

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.00610200%	0.00569900%	0.00540000%	0.00554000%
City's Proportionate Share of the Net OPEB Liability	\$842,845	\$743,015	\$586,399	\$559,559
City's Covered Payroll	\$921,850	\$826,079	\$765,329	\$764,942
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	91.43%	89.94%	76.62%	73.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
City's Proportion of the Net Pension Liability	0.02366860%	0.02436100%	0.02319200%	0.02277800%
City's Proportionate Share of the Net Pension Liability	\$1,594,443	\$1,988,503	\$1,423,397	\$1,442,735
City's Covered Payroll	\$584,769	\$581,786	\$571,084	\$461,829
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	272.66%	341.79%	249.24%	312.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%

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

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.02080300%	0.01924640%	0.01924640%
\$1,338,271	\$997,044	\$937,360
\$495,035	\$407,370	\$432,746
270.34%	244.75%	216.61%
66.77%	71.71%	73.00%

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

	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.02366860%	0.02436100%	0.02319200%	0.02277800%
City's Proportionate Share of the Net OPEB Liability	\$233,793	\$221,844	\$1,314,026	\$1,081,220
City's Covered Payroll	\$584,769	\$581,786	\$571,084	\$461,829
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.98%	38.13%	230.09%	234.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.08%	46.57%	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information

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

	2020	2019	2018	2017
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$127,488	\$129,059	\$115,651	\$96,792
Contributions in Relation to the Contractually Required Contribution	<u>(127,488)</u>	<u>(129,059)</u>	<u>(115,651)</u>	<u>(96,792)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$910,629	\$921,850	\$826,079	\$744,554
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
Net OPEB Liability - OPEB Plan (3)				
Contractually Required Contribution	\$0	\$0	\$0	\$8,277
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>(8,277)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (2)	\$910,629	\$921,850	\$826,079	\$765,329
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.08%</u>

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

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

(3) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

2016	2015	2014	2013
\$88,790	\$92,128	\$85,237	\$88,179
(88,790)	(92,128)	(85,237)	(88,179)
\$0	\$0	\$0	\$0
\$739,917	\$767,736	\$710,308	\$678,300
12.00%	12.00%	12.00%	13.00%

\$15,799

(15,799)

\$0

\$764,942

2.07%

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

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$132,281	\$117,924	\$117,150	\$115,157
Contributions in Relation to the Contractually Required Contribution	<u>(132,281)</u>	<u>(117,924)</u>	<u>(117,150)</u>	<u>(115,157)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll (1)	\$657,383	\$584,769	\$581,786	\$571,084
Pension Contributions as a Percentage of Covered Payroll	<u>20.12%</u>	<u>20.17%</u>	<u>20.14%</u>	<u>20.16%</u>
Net OPEB Liability				
Contractually Required Contribution	\$3,287	\$2,924	\$2,909	\$2,855
Contributions in Relation to the Contractually Required Contribution	<u>(3,287)</u>	<u>(2,924)</u>	<u>(2,909)</u>	<u>(2,855)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>20.62%</u>	<u>20.67%</u>	<u>20.64%</u>	<u>20.66%</u>

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

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$93,139	\$97,801	\$80,545	\$73,076	\$66,710	\$74,220
(93,139)	(97,801)	(80,545)	(73,076)	(66,710)	(74,220)
\$0	\$0	\$0	\$0	\$0	\$0
\$461,829	\$495,035	\$407,370	\$432,746	\$477,808	\$532,642
20.17%	19.76%	19.77%	16.89%	13.96%	13.93%
\$2,309	\$2,475	\$2,036	\$15,651	\$32,252	\$35,953
(2,309)	(2,475)	(2,036)	(15,651)	(32,252)	(35,953)
\$0	\$0	\$0	\$0	\$0	\$0
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%
20.67%	20.26%	20.27%	20.51%	20.71%	20.68%

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Assumptions – OPERS Pension – Traditional Plan

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

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

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

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

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

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

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

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

Changes in Assumptions – OPERS Pension – Combined Plan

For 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

Changes in Assumptions – OPF Pension

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

	<u>Beginning in 2018</u>	<u>2017 and Prior</u>
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus	Inflation rate of 3.25 percent plus
Cost of Living Adjustments	productivity increase rate of 0.5 percent 3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	productivity increase rate of 0.5 percent 3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

City of Munroe Falls, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2020

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

Changes in Assumptions – OPERS OPEB

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

Changes in Assumptions – OPF OPEB

Single Discount Rate:	
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

Changes in Benefit Terms – OPF OPEB

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

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Munroe Falls, Summit County, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 20, 2021, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and referred to the financial impact of Covid-19 and the ensuing emergency measures that will impact subsequent periods.

Internal Control Over Financial Reporting

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

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

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

Efficient • Effective • Transparent

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2021

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MUNROE FALLS

SUMMIT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/4/2021

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

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