

CITY OF
Cuyahoga Falls
MAYOR DON WALTERS

2021 Annual Comprehensive Financial Report

**FISCAL YEAR ENDED
DECEMBER 31, 2021**



OHIO AUDITOR OF STATE
KEITH FABER



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Members of City Council
City of Cuyahoga Falls
2310 Second Street
Cuyahoga Falls, Ohio 44221

We have reviewed the *Independent Auditor's Report* of the City of Cuyahoga Falls, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Cuyahoga Falls is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 02, 2022

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About the Cover:

In 2018, the City of Cuyahoga Falls reopened Front Street in Downtown Cuyahoga Falls to vehicular traffic, ushering in a wave of economic revitalization and viability. As businesses and service providers backfilled once-vacant buildings, shopping, family entertainment, and nightlife have reinvigorated the heart of the city. As public and private spaces were activated with eateries, craft breweries, and retail boutiques, residents and visitors have flocked to take advantage of all that Cuyahoga Falls has to offer.

Seated alongside the beautiful Cuyahoga River, the redevelopment has encouraged and influenced an influx of engagement in outdoor recreational activities. Those who are looking for opportunities to spend time on the river may do so by kayaking, canoeing, or tubing. There are also many spots available for fishing and swimming. Most recently, anchors were affixed to invite rock climbing alongside the Cuyahoga.

Bicyclists, runners, and hikers have an abundance of access to the stunning trails of the Cuyahoga Valley National Park, Summit County Metro Parks, and The Ohio Towpath. The connectivity and accessibility to these phenomenal trails and waterways make the City of Cuyahoga Falls uniquely positioned to host outdoor enthusiasts from near and far. The economic impact on the city is exponential. Those who come to visit stay at the downtown hotel, patronize local bars and restaurants, shop at small businesses, and are able to see live concerts and the Cleveland Orchestra at the outdoor amphitheater Blossom Music Center.

Investments are currently being made to reimagine and redesign the Downtown Cuyahoga Falls Boardwalk, and public art installations are enhancing the aesthetics of the city as a whole to continue to encourage tourism in the City of Cuyahoga Falls.

***Special thanks to the following
employees for their assistance
in the preparation of this report:***

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Annual Comprehensive Financial Report

For Fiscal Year Ended December 31, 2021



City of Cuyahoga Falls, Ohio

Mayor Don Walters

Issued by the Department of Finance

Bryan J. Hoffman, Finance Director

City of Cuyahoga Falls, Ohio

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City of Cuyahoga Falls, Ohio

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INTRODUCTORY SECTION



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DEPARTMENT OF FINANCE
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Bryan J. Hoffman
Finance Director

Scott K. Fitzsimmons
Deputy Finance Director

June 30, 2022

Honorable Mayor Don Walters,
Members of City Council and the
Citizens of the City of Cuyahoga Falls, Ohio

The Annual Comprehensive Financial Report for the City of Cuyahoga Falls, Ohio (the “City”) for the year ended December 31, 2021, is hereby submitted. The responsibility for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with the City’s management. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner, which fairly presents the financial position and results of operations of the various funds of the City. All disclosures necessary to gain an understanding of the City’s financial activities have been included.

The financial statements, schedules, and statistical tables included herein pertain to those functions, which are under the jurisdiction of the City Council and administered by the Mayor. These functions encompass all activities considered by the City to be a part of (controlled by or dependent on) the financial reporting entity. This is determined on the basis of the City’s financial accountability for such operations. Financial accountability includes budget adoption, taxing authority, the existence of outstanding debt secured by the City, or the obligation of the City to finance any deficits that might occur and selection of governing authority and influence of operations. The City does have financial accountability for the Community Improvement Corporation of Cuyahoga Falls (CIC) and has chosen to incorporate its data into these financial statements using the discrete method of presentation because CIC provides services to the primary government and the citizens of the City as opposed to only the primary government.

Based on the criteria for determining financial accountability, the financial statements do not include the financial activities of the Cuyahoga Falls City School District or Woodridge Local School District (or any other school districts, which fall within the boundaries of the City). In addition, they do not contain financial information pertaining to the Cuyahoga Falls Public Library or Western Reserve Hospital. The City does not have financial accountability for the aforementioned entities. The City is responsible for establishing and maintaining an internal control system designed to protect its assets from loss, theft or misuse. Furthermore, the accounting system must be adequate to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuations of costs and benefits require estimates and judgments by management. Management believes the internal control system is effective.

City of Cuyahoga Falls, Ohio

In accordance with Ohio law, each public office is required to have an independent audit at least once every two years unless an annual audit is required pursuant to the Single Audit Act of 1984. These audits are conducted by either the Auditor of State of Ohio, or if the Auditor permits, an independent public accounting firm.

The current year audit has been completed by an independent public accounting firm, James G. Zupka, CPA, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2021, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Independent Auditor's Report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of the broader, federally mandated "Single Audit" designed to meet the special needs of grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with an emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's Management's Discussion and Analysis can be found immediately following the Independent Auditor's Report in the financial section of this report.

PROFILE OF THE GOVERNMENT

The City was incorporated as a village in 1868 and organized as a city after the 1920 census. The City is located in Summit County in northeastern Ohio, approximately 30 miles south of the City of Cleveland and lies on the northern border of the City of Akron. The City currently occupies a land area of 27.8 square miles and serves a population of 51,114 based on the 2020 U.S. Census Bureau estimate, the most current estimate available.

The City operates under and is governed by its Charter (first adopted by the voters in 1959). The Charter may be and has been amended by the voters. Every five years a Charter Review Commission is appointed to review the City's Charter and make any recommendations to be voted upon by its residents. The last Charter Review Commission took place in 2020. The City is also subject to certain general laws applicable to all cities. Under the Ohio Constitution, the City may exercise all powers of local self-government, and police powers to an extent that is not in conflict with applicable general laws. The Charter provides for a Mayor-Council form of government. The City's chief executive and administrative officer is the Mayor, who is elected by the voters specifically to that office for a four-year term. The Mayor also serves as the Public Safety Director. All elected officials, except the Mayor serve on a part-time basis. The Mayor may veto any legislation passed by the Council. However, a veto may be overridden by a two-thirds vote of all members of the Council.

Legislative authority is vested in an eleven-member Council. Three members are elected at-large for four-year terms, and eight members are elected from wards for two-year terms. The presiding officer is the President, who is elected by the Council for a one-year term. The Charter establishes certain administrative departments and Council may establish divisions of those departments and additional departments. Subject to the approval of Council, the Mayor appoints the Directors of Finance, Public Service, Law, and Community Development. The Superintendent of Parks and Recreation is appointed by the Parks and Recreation Board. This Board consists of City residents, three appointed by the Mayor and one appointed by the Cuyahoga Falls City School District Board of Education and one appointed by the Woodridge School District Board of Education. The Mayor also appoints members to a number of other boards and commissions and appoints and removes, in accordance with Civil Service requirements, all appointed officers and employees, except Council officers and employees.

City of Cuyahoga Falls, Ohio

The City provides an extensive range of services including police and fire protection, emergency medical service, administration of justice by the way of a mayor’s court, community planning and development, recreational and cultural activities, street maintenance and environmental services. Outside of the normal governmental services, the City also provides entrepreneurial activities such as sewage disposal, water distribution, electric service, sanitation, storm drainage administration and leisure time activities, including a wellness center, golf course, outdoor water park and a sports center which includes miniature golf, batting cages and golf driving range.

The objective of budgetary controls is to ensure compliance with both the annual appropriated budget approved by City Council and the legal restrictions imposed by state and federal statutes as well. City Council must adopt an annual appropriations ordinance and budget resolution by December 31, of the preceding year. Appropriations may not exceed amounts certified by the County Budget Commission. The initial level of budgetary control is passed by City Council at the fund level, department and object level (Personal Services, Other Operations, Capital Outlay, Debt Service and Transfers) with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council. As a management tool, budgetary control is maintained in all funds at the department level by the encumbrance of estimated purchase amounts before the release of purchase orders to vendors. The City continually evaluates its accounting and reporting system in an effort to improve internal accounting controls.

LOCAL ECONOMY

The Cleveland-Akron-Canton Combined Statistical Area (CSA) is the 17th most populous combined statistical area in the United States with a population of 3,586,918.

The City is currently the second largest city in Summit County and the seventeenth largest in the State of Ohio. In January 1986, the City merged with Northampton Township. This merger between Northampton Township and the City was the first merger of its type in the State. The merger increased the City’s population by more than 16 percent and tripled the City’s total land area.

Transportation services are provided by diversified venues through the City. Immediate access is available to one state highway (State Route 8), which also offers access to the Ohio Turnpike (Interstate 80) and Interstate Highways 76 and 77. The City is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at three airports, Cleveland Hopkins International Airport, Akron-Canton Regional Airport and Akron Fulton International Airport. Public mass transit for the area is provided by the METRO Regional Transit Authority (a separate political subdivision) and long distance bus travel can be obtained from Greyhound bus lines.

The City is not subject to swift or erratic economic downturns because of its diversified income tax base, in which no single employer dominates the local economy. During 2021, ten major employers in the City collectively accounted for approximately 27.2 percent of the \$19,951,443 withholding taxes remitted to the City.

2020 U.S. Census estimate reports, the most current available, indicate that median household income for Cuyahoga Falls is in line with the State of Ohio, but slightly less than Summit County and the United States. The following is a comparative breakout of those medians.

	<u>Median Income</u>
City of Cuyahoga Falls	\$60,280
Summit County	\$59,253
State of Ohio	\$58,116
USA	\$64,994

City of Cuyahoga Falls, Ohio

The 1986 merger between the City and Northampton Township (now Ward 8) opened the door for growth. Due to increased land availability, the City has realized many new opportunities for industrial, commercial, and residential development. This growth continues to be stimulated by the expansion of water and sewer lines into Ward 8. At the same time, the residents of Ward 8 are benefiting by receiving city-based services, which should ultimately have had a positive impact on current property values.

The City is experiencing an accelerated pace of growth and development throughout the community. Investment in commercial and residential development continues to be strong, adding value and jobs to the community.

Portage Crossing development, opened in 2014, consists of 241,000 square feet of commercial space. Located at the crossroads of two major arteries in the City, its major anchor tenants are Giant Eagle Market District, LA Fitness and a Cinemark NextGen Theater. In 2017, two additions were added to the development. At approximately 4,000 square feet, the first building, Panda Express, is a fast casual venue offering American Chinese cuisine. The second building is approximately 9,728 square feet. Three separate tenants share this building: a dental office, Mattress Firm and Piada a fast casual Italian street food concept. With the addition of a major national retailer, LensCrafters, in 2020, and continued discussion additional expansion, the development continues to perform well. The City entered into a tax increment financing agreement (TIF) with the Cuyahoga Falls School District. The agreement calls for a 30 year TIF of which the schools will receive 22 percent of the TIF while the City will receive 78 percent of the TIF until the City is paid back from their investment.

Construction began in 2017 to open Front Street to vehicular traffic. The once vibrant street was closed in the late 1970's for a pedestrian mall. Over the years most of the businesses have left and the mall has failed. Studies have shown that redevelopment of this area would support an additional 215,350 square feet of retail and restaurant development, generating \$60.4 million in new revenue. We have seen considerable interest in this area and expect it to continue to be an epicenter of commercial and economic activity. Front Street was reopened to traffic on February 3, 2018. Downtown Cuyahoga Falls continues to be a hotbed of economic activity. New boutique stores and gift shops, restaurants and entertainment along the Front Street corridor attract people downtown. Interest in our downtown continues to grow and is a very bright spot for the future of Cuyahoga Falls.

In the Front Street corridor, the City assisted with finding a new owner for the historic theatre in downtown that had been shuttered for over a decade and was slated for demolition. The theatre was restored using historic tax credits and opened in January of 2021 as The Workz. The value of the newly restored building will exceed \$1 million. Also in the corridor, a historic structure known as the Levinson's building on Front Street is currently under renovation and has secured The Farmer's Rail, an artisanal butchery, as a first-floor tenant. The company will employ 12 employees with an annual payroll of \$500,000. The top floor of the Levinson's building has been converted into office space, which will be occupied at a later date.

The City and businesses located along Front Street created the Downtown Cuyahoga Falls Partnership, a 501(c)(3) nonprofit organization whose organizational and financial structure is based upon the Heritage Ohio model. The Heritage Ohio model emphasizes that the Partnership is an independent organization and separate from the City. The annual budget is structured as follows: one third provided by the City, one third through membership subscriptions and one third from sponsored events hosted by the organization. The Partnership's main goal is to create a "vibrant" downtown – to bring patrons to the downtown area to shop, dine and participate in recreational activities and events. The Partnership has one full-time executive director who is responsible for the day-to-day activities of the organization, growing membership, organizing events/volunteers to promote the downtown businesses. Preliminary surveys suggest that patrons visiting the downtown area are residents beyond the city limits and even outside of the County.

City of Cuyahoga Falls, Ohio

FUTURE ECONOMIC OUTLOOK

The City's vision is to keep Cuyahoga Falls a vibrant, healthy, attractive and continually growing City. City officials continue in their visions of infrastructure improvements and new tax revenues for the City, as well as, its school systems, jobs, shopping, housing and recreational opportunities for residents and visitors alike.

In May of 2022, the Summit County Board of Developmental Disabilities is relocated its headquarters to the downtown area, resulting in 130 new jobs with approximately \$8 million of new payroll. The City constructed a public parking lot to accommodate employee parking during the day and public patrons in the area during the evening and weekend hours. That additional employees will provide a boost to the local shops and restaurants located in the downtown area.

The City continually looks for new investments to provide the necessary infrastructure to retain and attract new businesses. As part of the capital plan, renovations to the southern end of the Front Street Development are scheduled in the next couple of years as well as road reconstructions to provide additional areas that are attractive for future business development.

If housing starts are an indication of people wanting to live in Cuyahoga Falls, then the future is bright. The City is currently working with developers for residential growth. Four new residential developments, Enclave at Mill Pond, The Preserve at Salt Creek, Woodland Preserves, and Redwood have recently been completed. Four additional developments are underway including, The Towns at Steels Corners, The Villages at Sycamore, Pine Ledges, and Princeton Place. These added residents will be a catalyst for future economic activity.

An income tax rate of 2 percent passed by the voters in 1996 continues to have positive effects for the City's capital infrastructure program since the City earmarked 29.33 percent of the net proceeds solely for capital improvements.

The Mayor, his administration, and the City Council are aware of national and local economic conditions. Weekly meetings are held with senior cabinet to discuss all the ways the City can continue to provide value to the residents and businesses of the community without generating a deficit for the community to handle. All personnel vacancies are discussed and in many cases job functions adjusted to eliminate any current need to immediately replace the leaving personnel.

The City's General Fund is in a better position to deal with future loss of revenue due to the various changes made over the last several years giving the economy a longer period of time to turn around with minimal impact to city services. The City continuously updates a five year forecast for its General Fund. This allows the administration to anticipate future financial pitfalls and adjust current operations mitigating future issues.

The Mayor and his staff spend considerable amounts of time maintaining the financial strength of the City. As businesses look to relocate or expand, City officials work overtime with these companies to accommodate their needs. These types of investments only strengthen the City's financial position. The City is also not reliant on one particular business for its main source of income taxes or property taxes. Only one business represents just over five percent of the City's two main sources of income. The City's administration also places a high emphasis on keeping Cuyahoga Falls a positive place to live and work. This can best be seen in the unemployment rates for the City consistently being lower than the Summit County rate coupled with local home sales and the real estate market, which are generally ahead of the national trends. Employment within an area is expected to remain positive. The Development Department is in contact with homeowners, various property owners, and developers. This is performed to keep a pulse beat within the community, as well as, to provide businesses and homeowners with a variety of options when purchasing a property.

MAJOR INITIATIVES

The City of Cuyahoga Falls elected a new mayor that took office on January 1, 2014. Since that time a number of new initiatives have been instituted to bring value to the citizens.

The City received \$8,246,939 from the American Rescue Plan Act in 2021, and is expected to receive the same in 2022. These dollars will allow the City to continue to invest in the community. Plans are underway to rebuild the road and install city infrastructure to property that was once a residential road that was rezoned commercial. These dollars will also allow the city to rebuild an aging fire station and add a state of the art fire training facility to keep the skills of our safety forces at their highest level.

Improving communication to current residents and businesses as well as communicating to potential residents and businesses will continue to strengthen the community. As such, the Mayor created the Department of Neighborhood Excellence, Communications, and Community Outreach. This Department is responsible for overseeing the Neighborhood Excellence Initiative and Neighborhood Ambassadors to ensure that our neighborhoods continue to grow and thrive, that relationships continue to be strengthened, and that our neighbors are well informed about the programs and services that are offered to all residents. This department is also a one stop shop for questions about city services. Potential businesses have a place to learn about all the reasons they should open shop in Cuyahoga Falls.

A priority of the City is to be energy efficient. The Mayor started an energy efficiency program that provides the citizens of Cuyahoga Falls with tools they need to reduce power consumption which results in lower power bills and a smaller carbon footprint. The City recently completed an upgrade to all city owned street lights. Over 6,000 street lights, parking lot lights, and other lights are LED. Having an energy efficiency program that works for the residents and the business of community lowers power bills through both lessening the amount of electricity being used as well as lessening the required capacity of the city.

The Mayor recognizes that a safe city will attract business and residents and promote growth. All cities struggle with some level of crime and Cuyahoga Falls is being proactive in the fight. The city recently completed a state of the art police training facility to keep our officers' skills at their highest level. The Mayor started a crime fighters program that promotes citizen participation through an anonymous tip procedure. The program includes cash rewards in which the size is determined by the type and usefulness of the tip. The cash rewards are funded 100 percent by private donations and are dispersed by a local financial institution.

The City is always looking for best practices. In December 2021 City Council approved the creation of a Council of Governments (COG) to provide dispatch services. The COG combines the dispatch centers of several surrounding communities and agencies to expand services and manage costs.

FINANCIAL INFORMATION

The single largest cost to the City is personnel. The City has six bargaining units. The City recently completed the process of negotiating multi-year employee bargaining agreements with the various unions which expire on June 30, 2021. The outcome of these negotiations provided reasonable cost of living increases while capping the growth of health care costs. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur.

The City's Capital Project Fund has issued various notes for numerous infrastructure projects over the last several years. The administration, along with the assistance of City Council, created a plan to pay down on the notes each year to save the cost of long-term interest borrowing. The current administration has continued the plan to rapidly pay down debt.

City of Cuyahoga Falls, Ohio

LONG TERM FINANCIAL PLANNING

The City currently prepares a five-year capital improvement plan. This plan helps the City prepare and adjust for major infrastructure projects and maximize potential State and Federal grant assistance. Various other major operations within the City are also being viewed over two, three, and five-year views. Preparing for the future is a key ingredient to financial stability while maintaining important public services. This five-year approach is being expanded to all major funds within the City.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cuyahoga Falls for its comprehensive annual financial report for the fiscal year ended December 31, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 37 consecutive years (fiscal years ended 1984-2021). We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are therefore submitting it to the GFOA to determine its eligibility for another certificate. Receipt of these awards is an outstanding sign of the City's active effort to anticipate and provide for the needs of its citizens.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. A special thanks goes out to Deputy Finance Director, Scott Fitzsimmons, for all of his hard work and dedication. The preparation of the Annual Comprehensive Financial Report requires a major effort from the accounting staff and we express our appreciation to all who assisted and contributed to the presentation of this year's report. We also thank the Mayor, his cabinet and the members of City Council for their thoughtful support and encouragement throughout the year.

Respectfully submitted,



Bryan Hoffman,
Finance Director

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cuyahoga Falls
Ohio**

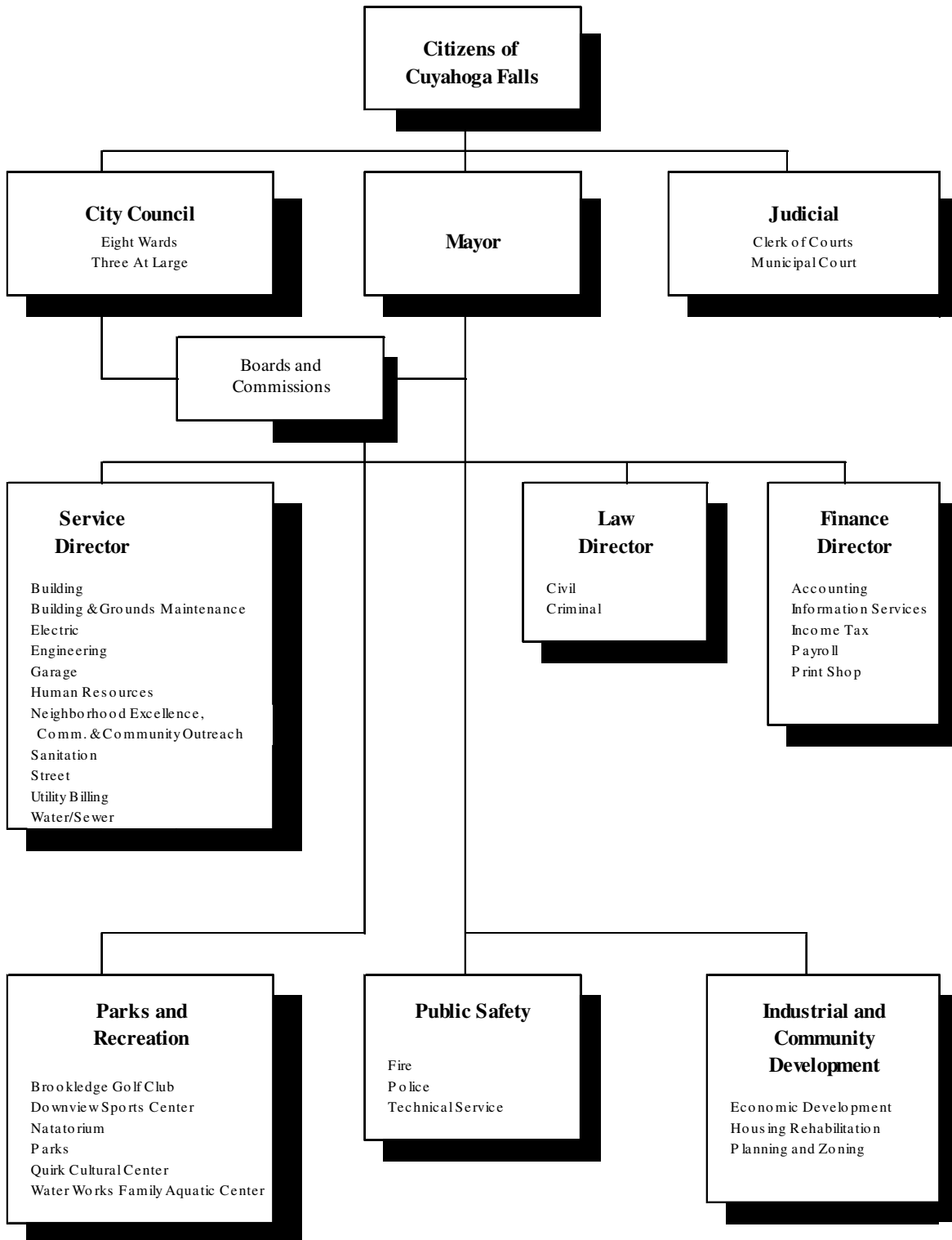
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



City Officials

Cabinet of the Mayor:

Mayor Don Walters	Anthony Zumbo	Service Director
	Bryan Hoffman	Finance Director
	Janet Ciotola	Law Director
	Diana Colavecchio	Community Development Director

At Large Council:

Russ Balthis (Council President)
Tim Gorbach
Brian Ashton

Ward Council:

Rachel Loza	Ward 1
Susan Spinner	Ward 2
Meika Penta	Ward 3
Mary Nichols-Rhodes	Ward 4
Michael Brillhart	Ward 5
Adam Miller	Ward 6
Jerry James	Ward 7
Frank Stams	Ward 8

FINANCIAL SECTION

City of Cuyahoga Falls, Ohio

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public
Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of City Council
City of Cuyahoga Falls
Cuyahoga Falls, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Summit County, Ohio, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparisons for the General Fund and the Local Fiscal Recovery Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

City of Cuyahoga Falls, Ohio

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

Emphasis of Matter

As discussed in Note 10 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our opinion is not modified with respect to this matter.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 30, 2022

City of Cuyahoga Falls, Ohio

Management's Discussion and Analysis

As management of the City of Cuyahoga Falls, Ohio (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which begins on page 2 of this report, and the City's financial statements, which follow this section.

Financial Highlights

This is the City of Cuyahoga Falls nineteenth publication of an Annual Comprehensive Financial Report under the GASB 34 reporting model. Comparisons to prior financials are offered for this discussion and analysis.

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of 2021 by \$215,453,976. Of this amount, \$1,669,440 is considered unrestricted. The unrestricted net position of the City's governmental activities has a balance of negative \$30,147,379 due to the implementation of GASB 68 and 75, described below. The unrestricted net position of the City's business-type activities was \$31,816,819 and may be used to meet the ongoing obligations of business-type activities, including the sewage and disposal, water, electric, sanitation, leisure time activities and storm drainage utility enterprises.
- The City's net position increased \$23,467,594 or 12.2 percent in 2021, in comparison to net position as of December 31, 2020. Net position of governmental activities increased \$11,295,461, which represents a 16.0 percent increase from the amount as of December 31, 2020. Net position of business-type activities increased \$12,172,133 or 10.0 percent from the amount as of December 31, 2020.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$31,086,282, in comparison to \$29,814,422 in the prior year. On a combined basis \$1,134,432 is considered nonspendable, \$7,388,057 is restricted for specific purposes, \$313,128 has been committed by City Council and \$1,810,483 has been assigned to specific purposes by management.
- At the end of the current year, unassigned fund balance for the general fund was \$20,479,510 or 54.0 percent of revenues, and 64.0 percent of expenditures.
- The City's total general obligation bonds decreased by \$2,145,777 or 7.2 percent in 2021, while notes payable increased \$2,270,000 or 185.3 percent. These changes were due to annual principal bond payments of \$2,056,278, note retirement of \$1,225,000, issuance of notes in the amount of \$3,495,000 in anticipation of the issuance of bonds, and the annual amortization of discounts and premiums.

Governmental Accounting Standards Board Statements No. 68 and 75

In recent years the City adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27," GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68," and GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for pension and other postemployment benefits (OPEB) costs and liabilities. Many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension and OPEB liability to the reported net position and subtracting deferred outflows and the net pension/asset related to pension and OPEB. Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles.

Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in 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 payments, State statute does not assign or identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

In addition to the other postemployment benefits through the pension systems, the City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through council-approved ordinance. The activity of the plan is reported in the City's Self-Insurance Internal Service Fund, and governmental activities on the entity-wide financial statements.

City of Cuyahoga Falls, Ohio

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include security of persons and property, leisure time activities, community environment, street maintenance and general government. The business-type activities of the City include sanitary sewage and disposal, water treatment and distribution, electric distribution, refuse and recycling collection service, storm drainage repair and improvements, and leisure time activities including an outdoor family aquatic center, an indoor natatorium, a municipal golf course, a civic cultural center and a sports center facility which offers batting cages, a driving range, skate park and a miniature golf course.

The government wide financial statements include not only the City itself (known as the primary government) but also a legally separate community improvement corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 37-39 of this report.

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

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

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

The City maintains twenty-two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Local Fiscal Recovery Special Revenue Fund, and Capital Projects Fund, which are considered to be major funds. Data from the other nineteen funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The Municipal Income Tax Special Revenue Fund has been consolidated with the General Fund for statement purposes.

The City adopts an annual appropriated budget for its General Fund and all Special Revenue, Debt Service, Capital Projects, Enterprise and Internal Service Fund types. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 40-44 of this report.

Proprietary funds. The City maintains two different types of proprietary funds - enterprise and internal service. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewage and disposal, water, electric, sanitation, leisure time operations and storm drainage utility. Internal Service Funds are an accounting device used to accumulate and allocate costs internally to the City's various functions. The City uses Internal Service Funds to account for its vehicle maintenance, medical self-insurance, workers' compensation coverage and compensated absences payments to terminated and retired employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. While the Utility Billing Fund is considered an Internal Service Fund, it is not reported separately. It has been consolidated in the applicable Enterprise Funds for statement purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewage and Disposal Fund, Water Fund, Electric Fund, Sanitation Fund, Leisure Time Fund, and Storm Drainage Utility Fund, which are considered to be major funds. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. The basic proprietary fund financial statements can be found on pages 45-52 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 53-54 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 56-119 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's proportionate share of the net pension liability/net pension asset for, and contributions to OPERS and OP&F, the proportionate share of the net OPEB liability for, and contributions to OPERS and OP&F, and net OPEB liability and contributions for the City's single employer plan. Required supplementary information can be found on pages 121-132 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 134-183 of this report.

City of Cuyahoga Falls, Ohio

Government-wide Financial Analysis

City of Cuyahoga Falls, Ohio - Net Position							
	Governmental Activities		Business-type Activities		Total		
	2021	2020	2021	2020	2021	2020	
Assets							
Current and other assets	\$ 76,252,496	\$ 62,834,818	\$ 53,182,560	\$ 51,472,305	\$ 129,435,056	\$ 114,307,123	
Net pension asset	208,730	150,902	196,574	142,110	405,304	293,012	
Net other postemployment benefits (OPEB) asset	1,158,463	-	1,090,978	-	2,249,441	-	
Capital assets, net	126,131,899	123,462,128	111,494,427	111,448,839	237,626,326	234,910,967	
Total Assets	203,751,588	186,447,848	165,964,539	163,063,254	369,716,127	349,511,102	
Deferred Outflows of Resources							
Pension	7,406,767	8,585,713	1,530,765	2,627,286	8,937,532	11,212,999	
Other postemployment benefits (OPEB)	5,270,042	6,721,695	686,031	1,728,596	5,956,073	8,450,291	
Advance refunding of debt	-	-	162,887	173,068	162,887	173,068	
	12,676,809	15,307,408	2,379,683	4,528,950	15,056,492	19,836,358	
Liabilities							
Current and other liabilities	20,278,328	8,068,136	7,520,729	9,043,937	27,799,057	17,112,073	
Long-term liabilities:							
Net pension liability	44,307,330	47,927,454	9,308,610	12,697,414	53,615,940	60,624,868	
Net other postemployment benefits (OPEB) liability	15,180,580	24,413,410	-	8,645,536	15,180,580	33,058,946	
Other long-term liabilities outstanding	25,927,340	26,444,547	9,908,201	10,908,731	35,835,541	37,353,278	
Total Liabilities	105,693,578	106,853,547	26,737,540	41,295,618	132,431,118	148,149,165	
Deferred Inflows of Resources							
Revenues levied for the next year	13,072,526	12,473,634	-	-	13,072,526	12,473,634	
Pension	8,449,210	6,930,738	4,364,352	3,260,678	12,813,562	10,191,416	
Other post employment benefits (OPEB)	7,435,430	5,015,145	3,566,007	1,531,718	11,001,437	6,546,863	
	28,957,166	24,419,517	7,930,359	4,792,396	36,887,525	29,211,913	
Net Position							
Net investment in capital assets	103,875,671	103,012,400	101,859,504	100,832,136	205,735,175	203,844,536	
Restricted (temporarily restricted)	7,797,020	6,913,484	-	-	7,797,020	6,913,484	
Permanent fund purpose - Cemetery Perpetual Care (permanently restricted)	252,341	252,430	-	-	252,341	252,430	
Unrestricted	(30,147,379)	(39,696,122)	31,816,819	20,672,054	1,669,440	(19,024,068)	
Total Net Position	\$ 81,777,653	\$ 70,482,192	\$ 133,676,323	\$ 121,504,190	\$ 215,453,976	\$ 191,986,382	

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$215,453,976 at the close of the most recent fiscal year.

The largest portion of the City's total net position (95.5 percent) reflects its net investments in capital assets (e.g. land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens; therefore, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

Additionally, 3.6 percent of the City's net position represents resources that have been restricted on how they may be used. Another portion of the City's net position (less than one percent) represents the Cemetery Perpetual Care Permanent Fund. The remaining balance of unrestricted net position is \$1,669,440 may be used to meet the government's on-going obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Cuyahoga Falls is able to report positive balances in three of the four categories of net position, for the government as a whole and as well as for its separated governmental activities net investments in capital assets, restricted and permanent fund purpose and business-type activities. The only exception being governmental activities unrestricted net position which was negative \$30,147,379 due to the recording of GASB 68 and GASB 75.

Overall, net position of the City increased by \$23.468 million in 2021. Net position for governmental activities increased by \$11.295 million and net position for business-type activities increased \$12.172 million.

The net position increase for governmental activities was primarily due to the following:

Current and other assets increased \$13.418 million. Of this category, equity in pooled cash and cash equivalents, cash and cash equivalents - escrow agent, and investments increased \$15.575 million. The increase to equity in pooled cash and cash equivalents is a result of positive operations, in which total revenues exceeded expenses. This is mostly due to cash basis revenues exceeding expenses by \$5.060 million in 2021. Additionally, the City received \$8,246,939 of American Rescue Plan Act federal grant funds, which was classified as unearned revenue, a current liability. Cash and cash equivalents - escrow agent is related to unspent capital lease proceeds at year-end. Investments is a component of pooled cash and cash equivalents, and reflects the value of items which qualify as investments at year-end.

Net other postemployment benefits (OPEB) asset at the end of the year was \$1,158,463, compared to \$0 at the end of 2020, creating a new asset category in the Statement of Net Position.

Current and other liabilities increased \$12.210 million. As discussed in the financial highlights above, \$2.270 million is related to the increase in notes payable from 2020 to 2021. The City issued notes payable in anticipation of the issuance of bonds in the amount of \$3,495,000 for the Woodlands Subdivision infrastructure improvements, whereas the prior year notes payable relating to the same project was \$1,225,000. Unearned revenue, which did not have a balance in 2020 increased \$8,246,939 due to American Rescue Plan Act federal grant funds not being spent, or allocated in 2021. Accrued salaries, wages and benefits were \$844,588 greater in 2021 due to retroactive cost of living adjustments (COLA), and lump sum payments associated with new bargaining agreements. The new agreements were effective July 1, 2021 and retroactive payments were made in 2022.

The above noted significant items attributable to the increase in net position was offset by the following items:

GASB 75 net other postemployment benefits (OPEB) liability decreased \$9.233 million. This was due decreases in the City's proportionate share for OPERS in the amount of \$9.180 million, and the City's defined benefit single employer OPEB plan in the amount of \$351,960, offset by an increase in the proportionate share for OP&F in the amount of \$299,442.

Significant changes in business-types activities are as follows:

Net other postemployment benefits (OPEB) asset at the end of the year was \$1,090,978, compared to \$0 at the end of 2020, creating a new asset category in the Statement of Net Position.

GASB 68 net pension liability decreased \$3.389 million, due to the decrease City's proportionate share for OPERS.

GASB 75 net other postemployment benefits (OPEB) liability decreased \$8.646 million. This was due decreases in the City's proportionate share for OPERS.

In order to further understand what makes up the changes in net position for the current year, the following table provides readers further details regarding the results of activities for the current year. This table contains the 2020 fiscal year figures for comparison purposes.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio - Changes in Net Position							
	Governmental		Business-type		Total		
	Activities		Activities				
	2021	2020	2021	2020	2021	2020	
Revenues							
Program revenues:							
Charges for services	\$ 5,578,484	\$ 6,600,414	\$ 72,839,998	\$ 76,882,808	\$ 78,418,482	\$ 83,483,222	
Operating grants and contributions	4,249,130	9,444,513	61,613	51,455	4,310,743	9,495,968	
Capital grants and contributions	2,160,924	1,041,735	1,598,491	1,026,341	3,759,415	2,068,076	
General revenues:							
Property and other local taxes	15,112,253	12,992,041	-	-	15,112,253	12,992,041	
Income taxes	26,801,618	26,087,859	-	-	26,801,618	26,087,859	
Grants and entitlements not							
restricted to specific programs	3,398,940	2,694,946	-	-	3,398,940	2,694,946	
Other	(116,589)	971,380	-	-	(116,589)	971,380	
Total Revenues	57,184,760	59,832,888	74,500,102	77,960,604	131,684,862	137,793,492	
Expenses							
Security of persons and property	23,722,589	26,455,896	-	-	23,722,589	26,455,896	
Leisure time activities	3,387,294	4,167,053	-	-	3,387,294	4,167,053	
Community environment	2,662,387	2,658,942	-	-	2,662,387	2,658,942	
Street maintenance	9,913,865	10,119,896	-	-	9,913,865	10,119,896	
General government	5,319,527	9,132,619	-	-	5,319,527	9,132,619	
Interest and fiscal charges	602,905	613,368	-	-	602,905	613,368	
Sewage and disposal	-	-	7,921,685	7,385,465	7,921,685	7,385,465	
Water	-	-	2,972,646	4,729,481	2,972,646	4,729,481	
Electric	-	-	43,946,449	50,581,299	43,946,449	50,581,299	
Sanitation	-	-	2,923,834	4,235,347	2,923,834	4,235,347	
Leisure time activities	-	-	4,015,258	5,866,827	4,015,258	5,866,827	
Storm Drainage Utility	-	-	828,829	1,141,853	828,829	1,141,853	
Total Expenses	45,608,567	53,147,774	62,608,701	73,940,272	108,217,268	127,088,046	
Increase in net position before transfers	11,576,193	6,685,114	11,891,401	4,020,332	23,467,594	10,705,446	
Transfers	(280,732)	(280,732)	280,732	280,732	-	-	
Changes in net position	11,295,461	6,404,382	12,172,133	4,301,064	23,467,594	10,705,446	
Net position-beginning	70,482,192	64,077,810	121,504,190	117,203,126	191,986,382	181,280,936	
Net position-ending	\$ 81,777,653	\$ 70,482,192	\$ 133,676,323	\$ 121,504,190	\$ 215,453,976	\$ 191,986,382	

Governmental activities. Governmental activities increased the City's net position by \$11.295 million. Key elements of the changes in net position are as follows:

- ❖ Revenues exceeded expenses by \$11.576 million.
- ❖ Operating grants and contributions decreased \$5.195 million.
- ❖ Capital grants and contributions increased \$1.119 million.
- ❖ Other revenue relating to investment income decreased \$1.088 million.
- ❖ General government expense decreased \$3.813 million.

Operating grants and contributions decreased \$5.195 million or 55.0 percent and was mostly due to the receipt of the U.S. Department of the Treasury Coronavirus Relief Fund federal grant revenue passed through the County of Summit, Ohio in the amount of \$5,528,118 in 2020. Although the City received American Rescue Plan Act federal grant funds in the amount of \$8,246,939 in June 2021, this was classified as unearned revenue in the financial statements because it was not spent, or allocated in 2021.

Capital grants and contributions increased \$1.119 million or 107.4 percent in 2021. This increase is due to cash transactions for this account being \$208,009 higher in 2021, coupled with net accruals being \$910,276 higher as well. Cash transactions and accrued revenue resulting from U.S. Department of Transportation (ODOT) Highway Planning and Construction grants passed through the Ohio Department of Transportation were \$814,857, and \$240,002, respectively compared to \$679,504, and \$79,335, respectively, in 2020. Furthermore, the City received capital contributions in the form of capital assets in the amount of \$924,731, for Redwood Drive, Aspen Place, Poplar Lane and Pine Avenue.

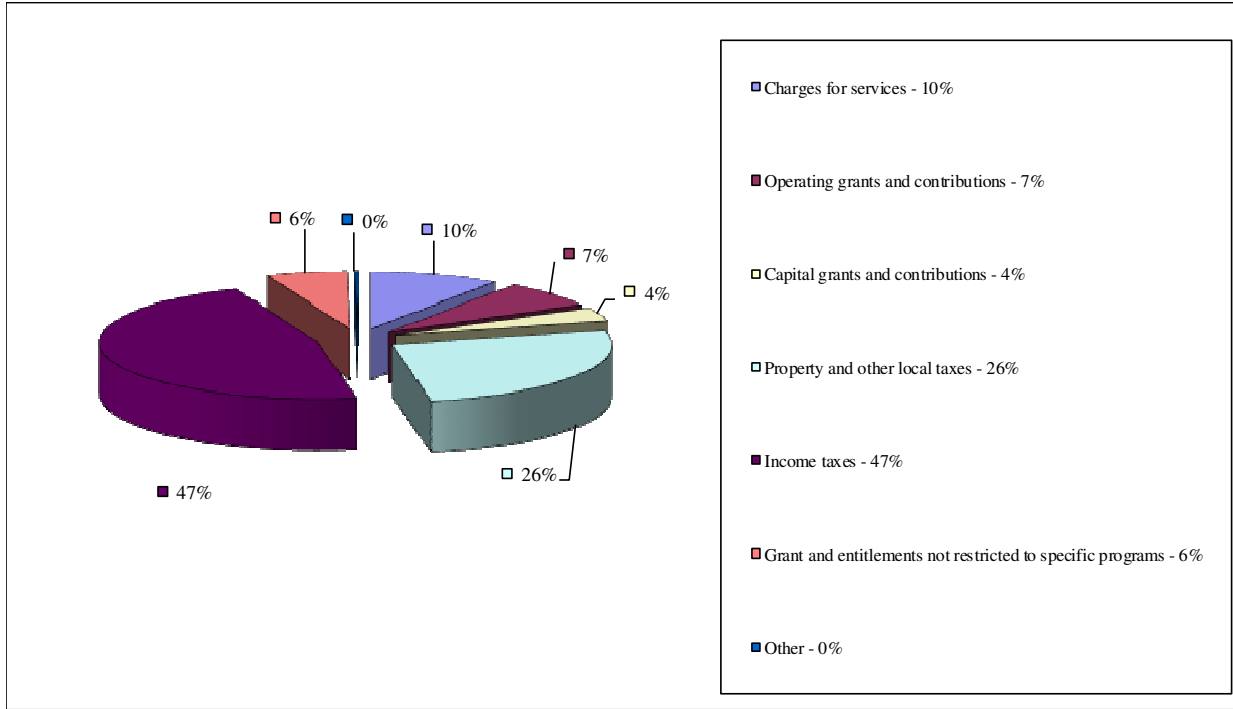
Other revenue decreased \$1.088 million or 112.0 percent in 2021. This category consists of investment earnings, which was negative \$135,615 in 2021. The negative revenue situation occurred because the fair value recording of investments in accordance with Governmental Standards Board Statement No. 31 at the end of 2020, which was reversed in 2021, was \$496,382 compared to \$12,343 accrued in 2021, and the cash basis revenue of \$360,657 was not sufficient to keep the account positive. The City plans to hold its investments until maturity.

General government expense decreased \$3.813 million or 41.8 percent in 2021. This is primarily due to the recording of the reduction of net other postemployment benefits (OPEB) liability noted previously. The general government function portion of the decrease in the City's proportionate share for OPERS was \$3,003,812.

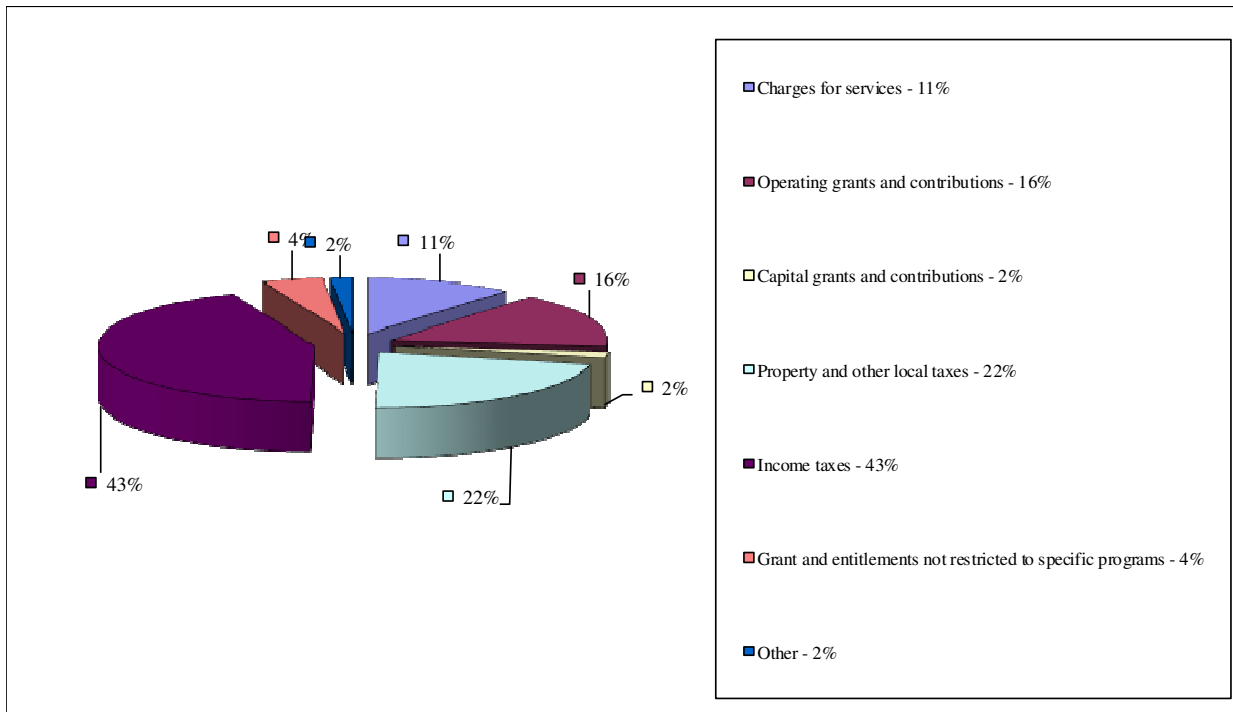
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City of Cuyahoga Falls, Ohio

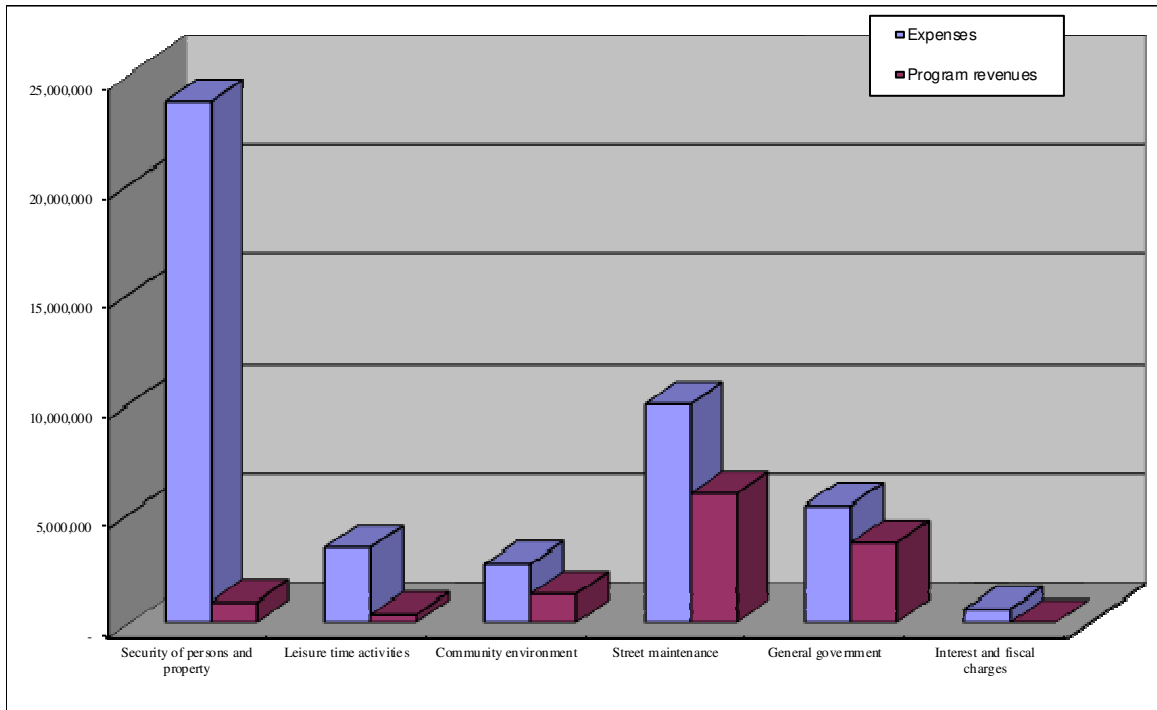
2021 Revenues by Source – Governmental Activities



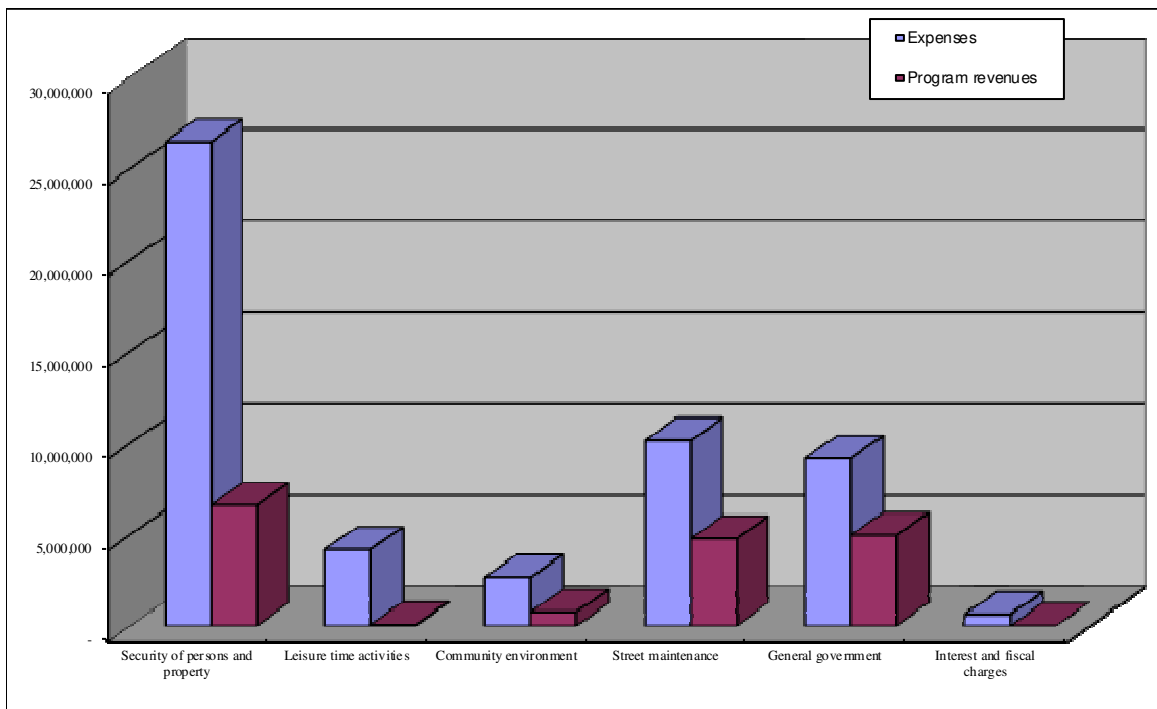
2020 Revenues by Source – Governmental Activities



2021 Expenses and Program Revenues – Governmental Activities



2020 Expenses and Program Revenues – Governmental Activities



City of Cuyahoga Falls, Ohio

Business-type activities. Business-type activity net position increased by \$12.172 million. Key elements of changes in net position are as follows:

- ❖ Revenues exceeded expenses by \$11.891 million.
- ❖ Electric charges for services decreased \$4.148 million or 8.1 percent.
- ❖ Water expenses decreased \$1.757 million or 37.2 percent.
- ❖ Electric expenses decreased \$6.635 million or 13.1 percent.
- ❖ Leisure time activities expenses decreased by \$1.852 million or 31.6 percent.

Electric charges for services decrease is a result of net accruals being \$3,677,575 lower in 2021. The main factor for the decrease in net accruals was related to the accrual for the Electric Power Cost Factor, which decreased \$2.174 million for 2021. This was based in part to a significantly lower power cost factor in 2021.

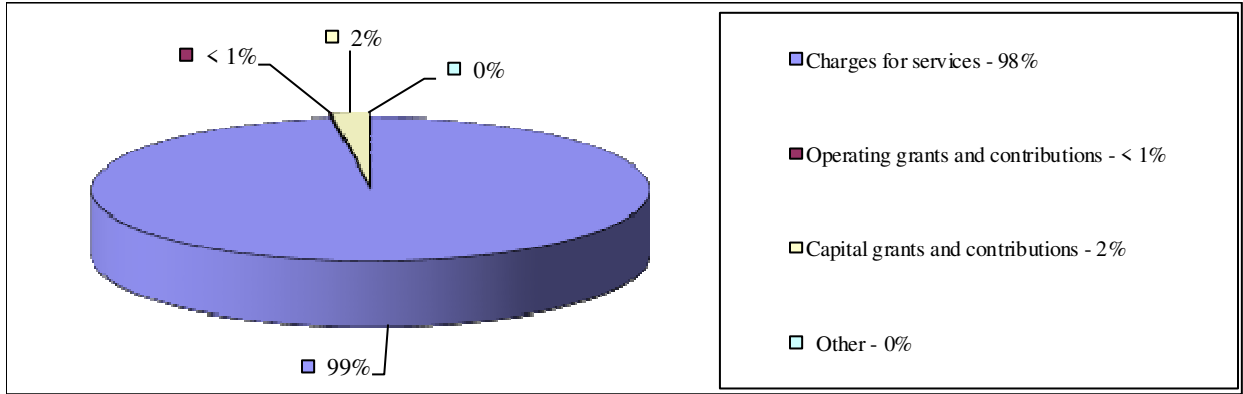
Water expenses decrease is primarily due to the recording of the reduction of net pension liability, and net other postemployment benefits (OPEB) liability noted previously. The Water Fund portion of the decrease in the City's proportionate share for net pension liability, and net other postemployment benefits (OPEB) liability was \$143,579, and \$1,010,861, respectively.

Electric expenses decrease is primarily due to the recording of the reduction of net other postemployment benefits (OPEB) liability noted previously. The Electric Fund portion of the decrease in the City's proportionate share for net other postemployment benefits (OPEB) liability was \$2,456,173.

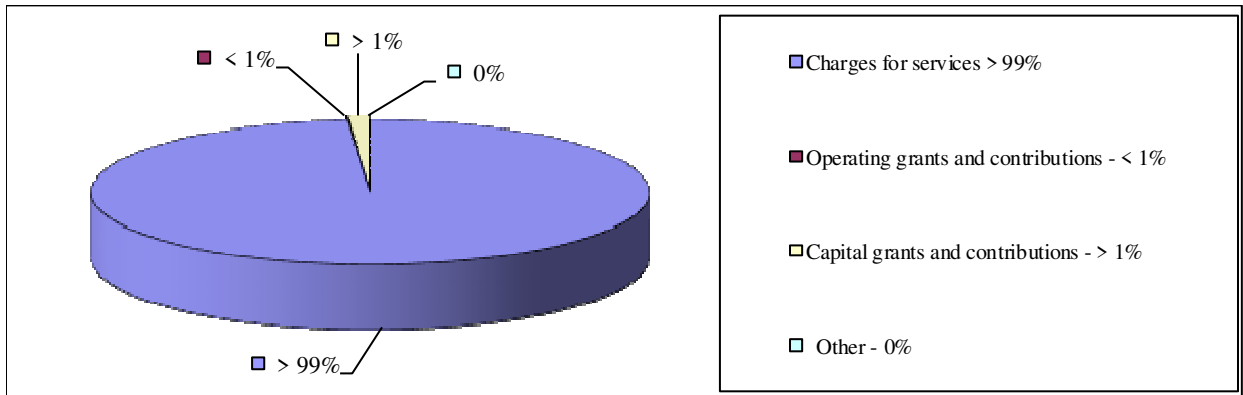
Leisure Time Fund decrease is primarily due to the recording of the reduction of net pension liability, and net other postemployment benefits (OPEB) liability noted previously. The Leisure Time Fund portion of the decrease in the City's proportionate share for net pension liability, and net other postemployment benefits (OPEB) liability was \$693,469, and \$1,662,121, respectively.

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2021 Revenue by Source – Business-type Activities

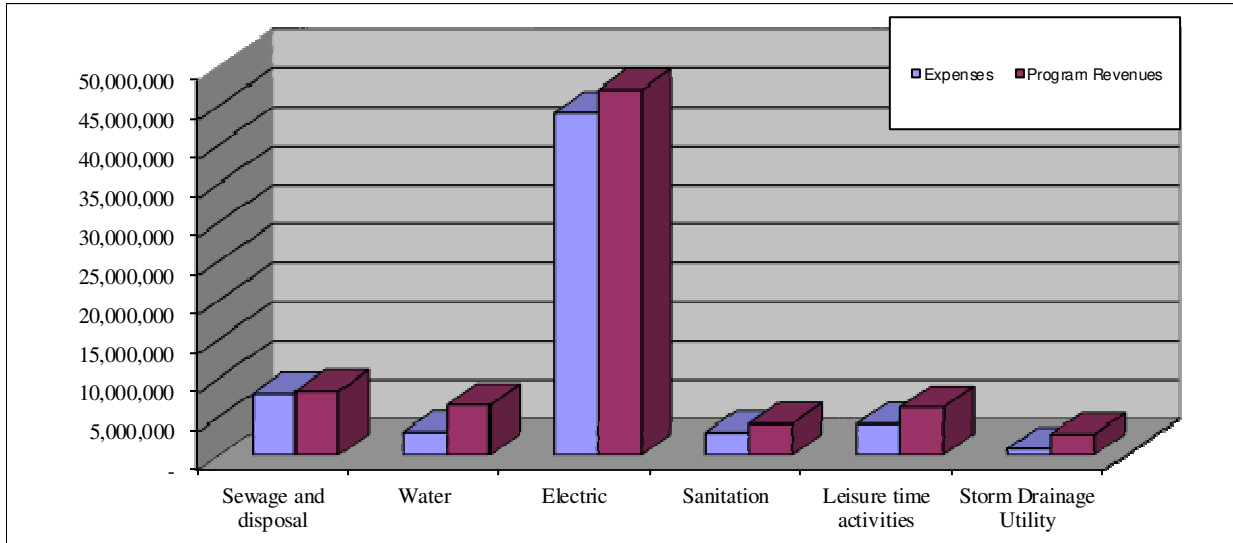


2020 Revenue by Source – Business-type Activities

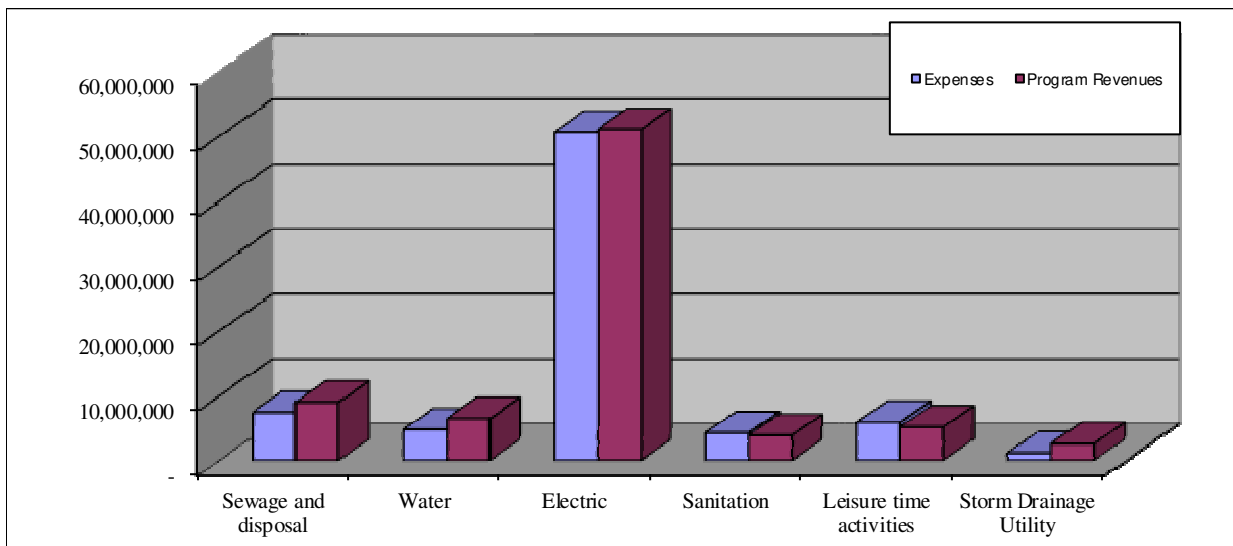


City of Cuyahoga Falls, Ohio

2021 Expenses and Program Revenues – Business-type Activities



2020 Expenses and Program Revenues – Business-type Activities



Financial Analysis of Government's Funds

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

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

As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$31.086 million, which represents an increase of \$1.272 million in comparison with the prior year. This increase is primarily due to revenues plus other financing sources being in excess of expenditures plus other financing uses, \$1.413 million. Some of the factors contributing to this are as follows:

Municipal income taxes increased \$3.704 million, or 14.9 percent. This revenue source was the highest in the history of the City, and was due to cash basis collections exceeding 2020 by \$6.491 million. Although increases were categorically across the board, the detail categories of withholding current and net profit current increased \$3.280 million, and \$2.796 million, respectively. These cash basis increases were offset by a reduction of \$2.787 in net accruals.

Capital Projects Fund had an issuance of long term bonds in 2020 in the amount of \$3,950,000, which is recorded as other financing sources. Although the City issued short term bond anticipation notes in the amount of \$3,495,000 in 2021, the liability of which is recorded as a short-term liability in the Balance Sheet – Governmental Funds. In addition, the City entered into capital lease agreements in the amount of \$663,954 in late 2021. Since the leased equipment was not received by the end of the year, and equal amount is recorded as cash and cash equivalents – escrow agent in the fund.

In regard to the current combined ending fund balances, \$20.440 million is unassigned fund balance, which is available for spending at the City's discretion. The next largest fund balance classification comprising of approximately \$7.388 million constitutes restricted fund balance, which is legally restricted for use based on constraints externally imposed, typically through grant agreements, State statute and debt covenants. The largest component of the restricted fund balance relates to the Community Development Block Grant Special Revenue Fund in the amount of \$2.690 million.

The General Fund is the chief operating fund of the City. At December 31, 2021, unassigned fund balance of the General Fund was \$20.480 million, while total fund balance was \$22.625 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures, including transfers out. Unassigned fund balance represents 58.5 percent of total general fund expenditures, including transfers out, while total fund balance represents 64.6 percent of the same amount.

In 2021, the fund balance of the City's General Fund increased by \$2.880 million, over the balance of 2020. Revenues, including transfers in were \$2.873 million more than expenditures, including transfers out. This fund balance increase was due to several factors:

- ❖ The General Fund revenues were \$1.597 million greater in 2021.
- ❖ Municipal income taxes increased \$1.929 million, or 11.3 percent. This was due to a recovery from the COVID-19 global pandemic. Income tax revenue was the highest in the City's history.
- ❖ Security of persons and property expense was \$6.300 million greater in 2021. This was due to receipt of the U.S. Department of the Treasury Corona Virus Relief Fund federal grant revenue passed through the County of Summit, Ohio in the amount of \$5,528,118 in 2020, which was recorded in other governmental funds, and reduced personal services expense for front line safety workers, such as Police, Fire, and Dispatch Communications.

City of Cuyahoga Falls, Ohio

The fund balance of the City's Capital Projects Fund decreased by \$1.422 million during 2021. This is due to bond proceeds of \$3,950,000 being recorded as other financing sources in 2020, offset by capital lease proceeds of \$663,954 in 2021. Similar to the General Fund, municipal income taxes increased \$1,394 million, but were offset by the increase in Capital outlay expenditures of \$741,618 from the prior year.

Proprietary Funds. The City's proprietary funds provide the same information found in the government-wide financial statements business-type activities, but in more detail.

Unrestricted net position at the end of the year amounted to \$3.258 million, \$5.483 million, \$21.209 million, \$337,679, negative \$327,533 million, and \$1.953 million for the Sewage and Disposal, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Funds, respectively.

The Sewer, Water, Electric, Sanitation, Leisure Time and Storm Drainage Utility Funds total net position increased \$338,364, or 1.7 percent, increased \$2.878 million, or 13.2 percent, increased \$3.349 million, or 7.2 percent, increased \$937,620, or 35.0 percent, increased \$2.247, or 13.1 percent, and increased \$1.878 million, or 13.1 percent, respectively, from 2020 to 2021.

Many of the changes to the proprietary funds parallel that of business-type activities, with the exception of the elimination of some charges between business-type activities functions. The changes were discussed in that analysis.

General Fund Budgetary Highlights

The final amended General Fund budget had estimated revenues of \$4,731,874 greater than the original budget. The original estimated revenues were \$36,958,840, while final estimated revenues were \$41,690,714. This was mostly due to estimated income tax receipts being higher due to the economic rebound from the worldwide COVID-19 pandemic being stronger than originally estimated.

The final amended General Fund budget had total appropriations of \$859,775 greater than the original budget. The total original appropriations, including those for transfers out, were \$38,884,779, while the final appropriations were \$38,025,004. Ordinance 17-2021 provided supplemental appropriations of \$100,000 for the preparation of a study and master plan for the Merriman Valley and Schumacher Planning Areas (community environment), Ordinance 33-2021 provided supplemental appropriations of \$99,775 for the Police department (security of persons and property) for a subaward grant through the Institute for Intergovernmental Research for the acquisition of drug disposal bags on behalf of the Summit County Community Partnership, and Ordinance 35-2021 provided supplemental appropriations of \$60,000, for the Communications department (security of persons and property) for the lease of public safety answering points, which was offset by a decrease of the same amount in the Capital Projects Fund. Ordinance 117-2021, which is considered the City's clean-up ordinance, increased appropriations in the Municipal Income Tax Fund by \$600,000, which is blended with the General Fund for financial reporting purposes. The increase in the Municipal Tax Fund (general government), was for an unbudgeted revenue sharing agreements with the City of Akron, an increase in RITA Agency collection fees associated with additional income tax revenue, and taxpayer refunds.

Capital Asset and Debt Administration

Capital assets. The City’s investment in capital assets for governmental and business-type activities as of December 31, 2021, amounts to \$237.626 million (net of accumulated depreciation). This investment in capital assets include land, construction in progress, buildings, improvements, machinery and equipment, as well as, infrastructure (from 1980 to current), including roads, sidewalks, bridges, curbs and gutters. The total increase in the City’s investment in capital assets for 2021 was \$2,715,359 which amounts to 1.2 percent.

City of Cuyahoga Falls Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 12,651,011	\$ 12,651,011	\$ 3,589,128	\$ 3,589,128	\$ 16,240,139	\$ 16,240,139
Construction in Progress	8,550,034	4,650,834	818,084	3,362,986	\$ 9,368,118	8,013,820
Buildings	24,820,549	25,499,492	23,791,742	24,539,042	\$ 48,612,291	50,038,534
Improvements	11,199,396	6,761,214	75,522,768	72,613,587	\$ 86,722,164	79,374,801
Machinery and Equipment	11,661,034	11,284,145	7,772,705	7,344,096	\$ 19,433,739	18,628,241
Infrastructure	57,249,875	62,615,431	-	-	\$ 57,249,875	62,615,431
Total	<u>\$ 126,131,899</u>	<u>\$ 123,462,128</u>	<u>\$ 111,494,427</u>	<u>\$ 111,448,839</u>	<u>\$ 237,626,326</u>	<u>\$ 234,910,967</u>

Major capital asset events during 2021 were as follows:

In 2021, the City made significant investments in Safety Forces and Street Maintenance out of the Capital Projects Fund. The Fire Department received a Pierce 1500 GPM Saber Pumper and Equipment, for \$599,696, and a 2020 Ford E450 Braun Chief XL Ambulance for \$264,757. The Street Department received a Wirtgen Cold Milling Machine for \$252,632 and an Olympian Leaf Vacuum Mounted on a Peterbilt 220 Chassis for \$181,336, and the Engineering Department oversaw concrete street repairs to Prior Park Drive and Hoffman Drive totaling \$410,044.

The City’s continuing major Capital Projects include Land Improvements to the Sourek Trail Tax Increment Financing (TIF) district, Parking Expansion on Front Street, the Mud Brook Greenway Trailhead, and the West Portage Trail Street Widening Project, totaling over \$8 million to date.

For the Enterprise Funds, several large infrastructure projects were completed. In the Electric Fund, Peaking Generation for Three Diesel Generators at the Water Treatment Plant were placed in service, for a total asset cost of \$2.7 million. Running these generators for peak shaving and demand response will allow the City to receive less transmission and capacity charges on the City’s power supply bill. Also, an investment of \$1.1 million was made in Infrastructure – Electric Lines, as part of the 12.5 kV System Upgrade. In the Sanitation Fund, a new 2021 Autocar ACX64, Dual Steer, with Heil Rapid Rail Side Load Body was purchased for \$328,265. Finally, in the Water Fund, Bolich Water Tank Improvements were completed, for a total asset cost of \$606,579.

For more detailed information on capital asset activity, refer to Note 6 – Capital Assets in the Notes to the Financial Statements section.

Assets held for resale. As of December 31, 2021, the City currently does not have any interest in development projects held for resale.

City of Cuyahoga Falls, Ohio

Long-term debt. At December 31, 2021, the City had \$28.559 million of long-term bonds and capital leases outstanding.

City of Cuyahoga Falls General Obligation Bonds and Capital Leases Outstanding						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
G. O. bonds	\$ 18,234,711	\$ 19,134,279	\$ 9,320,518	\$ 10,566,727	\$ 27,555,229	\$ 29,701,006
Capital leases	526,517	-	477,292	223,044	1,003,809	223,044
Total	\$ 18,761,228	\$ 19,134,279	\$ 9,797,810	\$ 10,789,771	\$ 28,559,038	\$ 29,924,050

The balance of outstanding bonds decreased \$2,145,777, or 7.2 percent, which was due to annual principal bond payments of \$2,056,278, note retirement of \$1,225,000, and the annual amortization of discounts and premiums, offset by issuance of notes in the amount of \$3,495,000 in anticipation of the issuance of bonds.

The balance of outstanding capital leases increased \$780,765 in 2021. This was primarily due the City entering into three lease agreements in 2021: Vacall Sewer Truck Model AJV 1215 on June 25, 2021, in the amount of \$410,629, interest rate of 1.4% (Business-type Activities); Elgin Sweeper and Lubrication System on November 1, 2021, in the amount of \$297,062, interest rate of 1.7% (Governmental Activities); and Police Cruiser and Body Cameras on December 14, 2021, in the amount of \$366,892, interest rate of 1.79% (Governmental Activities). The latter two leases were not completed by December 31, 2021, therefore, \$663,954 was held in escrow, and recorded as Cash and cash equivalents - escrow in governmental activities in the Statement of Net Position

More detailed information regarding the City's capital leases and long-term debt activity is available in Note 11 and Note 13 on page 99, and pages 101-103, respectively.

Economic Factors and Next Year's Budget

The City of Cuyahoga Falls' elected and appointed officials consider many factors through a lengthy budget process. The economic state of the State and Nation obviously have a direct impact on municipalities. The City prioritizes each department's basic mission. The City recently completed the process of negotiating multi-year employee bargaining agreements with the various unions which expired on June 30, 2021, with the exception of the Ohio Patrolmen's Benevolent Association (Sergeants & Lieutenants). The outcome of these negotiations provide reasonable cost of living increases while allowing for more flexibility to make changes to the City's health care plans. The City's plan is to be able to forecast far enough into the future to have the ability and time to handle any financial situation that may occur. As we seem to be past the worst of COVID-19, there are still many economic threats that impact the City's financial position. The City's management continues to closely monitor both the local economy and national economy to prepare for the 2023 budget. We continue to work with our state officials, as well as our congressional representatives to work through the many challenges we face.

The administration realizes the only meaningful way to grow revenue will be through investment in the City. This includes development, both residential and commercial, job creation and expansion, and maintaining our housing stock and municipal infrastructure. The City is currently working with developers for residential growth. Four new residential developments, Enclave at Mill Pond, The Preserve at Salt Creek, Woodland Preserves, and Redwood have recently been completed. Four additional developments are underway including, The Towns at Steels Corners, The Villages at Sycamore, Pine Ledges, and Princeton Place. These added residents will be a catalyst for future economic activity.

The City continues to work with companies looking to relocate or expand within its borders. The Portage Crossing project is a valuable asset and will provide an economic boost to the City for years to come. Attracting new businesses, such as Menards, which opened in 2018, and promoting expansion, such as what has occurred in recent years with Kyocera-SGS Precision Tools and Harbor Castings continue to be a focus of the Mayor and the administration. The City completed the Downtown Circulation Project in 2018, which included constructing and

City of Cuyahoga Falls, Ohio

reopening a portion of Front Street, which had been closed to vehicular traffic as a pedestrian mall for over 40 years, and parking deck upgrades, which includes structural improvements to the three downtown parking decks (Red, Blue, and Green) which are free of charge to the public. Front Street was reopened to traffic on February 3, 2018. Downtown Cuyahoga Falls continues to be a hotbed of economic activity. New boutique stores and gift shops, restaurants, and entertainment along the Front Street Corridor attract people Downtown. As new businesses continue to open Downtown will continue to be a place for economic prosperity. The Community Development Department has a diligent housing division along with the assistance of Community Development Block Grant funds to assist the needy to maintain the City's housing stock. To maintain City infrastructure, the City transfers 29.33 percent of net income tax dollars into the Capital Projects Fund to maintain our infrastructure. In 2022, the Summit County Development Disabilities Board relocated their headquarters to our Downtown area, moving over 100 jobs into the City.

The City received \$8,246,939 from the American Rescue Plan Act in 2021, and is expected to receive the same in 2022. These dollars will allow the City to continue to invest in the community. Plans are underway to rebuild the road and install city infrastructure to property that was once a residential road that was rezoned commercial. These dollars will also allow the city to rebuild an aging fire station and add a state of the art fire training facility to keep the skills of our safety forces at their highest level.

In conclusion, the recording of GASB Statement No. 68 and 75 requires the reader to perform additional calculations to determine the City's total net position at December 31, 2021 without the recording of GASB Statement No. 68 and 75, regarding the State Pension Systems. This is an important exercise, as the State Pension Systems (OPERS & OP&F) collect, hold and distributes pensions and other postemployment benefits to our employees, not the City of Cuyahoga Falls. These calculations are as follows and adjusts for the City's defined benefit single employer OPEB plan:

City of Cuyahoga Falls, Ohio - Implementation of GASB 68 and 75 effect on Net Position			
	Governmental Activities	Business-type Activities	Total
Total net position at December 31, 2021 (With GASB 68 and 75)	\$ 81,777,653	\$ 133,676,323	\$ 215,453,976
GASB 68 and 75 calculations:			
Add:			
Deferred Inflows related to pension	8,449,210	4,364,352	12,813,562
Deferred Inflows related to other post employment benefits (OPEB)	7,435,430	3,566,007	11,001,437
Less: City defined single employer OPEB Plan	(1,393,757)	-	(1,393,757)
Net pension liability	44,307,330	9,308,610	53,615,940
Net other post employment benefits (OPEB)	15,180,580	-	15,180,580
Less: City defined single employer OPEB Plan	(9,830,547)	-	(9,830,547)
Less:			
Deferred outflows related to pensions	(7,406,767)	(1,530,765)	(8,937,532)
Deferred outflows related to other post employment benefits (OPEB)	(5,270,042)	(686,031)	(5,956,073)
Plus: City defined single employer OPEB Plan	1,398,216	-	1,398,216
Net pension asset	(208,730)	(196,574)	(405,304)
Net other postemployment benefits (OPEB) asset	(1,158,463)	(1,090,978)	(2,249,441)
Total net position at December 31, 2021 (Without GASB 68 and 75 - State Pension Systems)	133,280,113	147,410,944	280,691,057

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. This report is also available on the City's website at www.cityofcf.com. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Cuyahoga Falls Finance Department, 2310 Second Street, Cuyahoga Falls, Ohio, 44221.

BASIC FINANCIAL STATEMENTS

City of Cuyahoga Falls, Ohio

Statement of Net Position December 31, 2021

	Primary Government		Total	Component Unit
	Governmental Activities	Business-type Activities		CIC of Cuyahoga Falls
Assets				
Equity in pooled cash and cash equivalents	\$ 30,120,964	\$ 25,963,105	\$ 56,084,069	5,700
Cash and cash equivalents - restricted accounts	-	-	-	11,048
Cash and cash equivalents - escrow agent	663,954	-	663,954	-
Investments	14,615,756	12,587,253	27,203,009	-
Accounts receivable (net of allowance for uncollectibles)	1,444,862	7,997,042	9,441,904	-
Loans receivable	2,488,352	-	2,488,352	-
Taxes receivable	21,442,230	-	21,442,230	-
Special assessments receivable	116,092	203,377	319,469	-
Accrued interest receivable	38,558	-	38,558	-
Due from other governments	3,928,768	130,202	4,058,970	-
Inventory of supplies	968,236	3,633,561	4,601,797	-
Prepaid items	228,426	143,734	372,160	244
Internal balances	196,298	(196,298)	-	-
Investment in joint ventures	-	1,448,692	1,448,692	-
Regulated asset	-	1,271,892	1,271,892	-
Net pension asset	208,730	196,574	405,304	-
Net other postemployment benefits (OPEB) asset	1,158,463	1,090,978	2,249,441	-
Nondepreciable capital assets	21,201,045	4,407,212	25,608,257	55,000
Depreciable capital assets	104,930,854	107,087,215	212,018,069	-
Total assets	203,751,588	165,964,539	369,716,127	71,992
Deferred Outflows of Resources				
Pension	7,406,767	1,530,765	8,937,532	-
Other postemployment benefits (OPEB)	5,270,042	686,031	5,956,073	-
Advance refunding of debt	-	162,887	162,887	-
Total deferred outflows of resources	12,676,809	2,379,683	15,056,492	-
Liabilities				
Accounts payable	1,239,198	2,386,311	3,625,509	-
Accrued salaries, wages and benefits	1,553,397	580,985	2,134,382	-
Accrued interest payable	132,888	29,037	161,925	-
Due to other governments	1,402,928	1,562,464	2,965,392	1,516
Retainage payable	602,028	98,002	700,030	-
Unearned Revenue	8,246,939	61,360	8,308,299	-
Deposit held and due to others	-	1,641,069	1,641,069	-
Notes payable	3,495,000	-	3,495,000	-
Current portion of:				
Accrued compensated absences	1,960,482	-	1,960,482	-
Claims and judgments payable	606,518	-	606,518	-
Capital leases	128,224	154,179	282,403	-
Payable to AMP	-	167,322	167,322	-
Bonds payable	910,726	840,000	1,750,726	-
Long-term portion of:				
Net pension liability	44,307,330	9,308,610	53,615,940	-
Net other postemployment benefits (OPEB) liability	15,180,580	-	15,180,580	-
Accrued compensated absences	8,188,399	-	8,188,399	-
Claims and judgments payable	16,663	-	16,663	-
Capital leases	398,293	323,113	721,406	-
Payable to AMP	-	1,104,570	1,104,570	-
Bonds payable	17,323,985	8,480,518	25,804,503	-
Total liabilities	105,693,578	26,737,540	132,431,118	1,516
Deferred Inflows of Resources				
Revenues levied for the next year	13,072,526	-	13,072,526	-
Pension	8,449,210	4,364,352	12,813,562	-
Other postemployment benefits (OPEB)	7,435,430	3,566,007	11,001,437	-
Total deferred inflows of resources	28,957,166	7,930,359	36,887,525	-
Net Position				
Net investment in capital assets	103,875,671	101,859,504	205,735,175	55,000
Restricted for:				
Capital projects (temporarily restricted)	5,107,498	-	5,107,498	-
Special revenue - Community Development Block Grant (temporarily restricted)	2,689,522	-	2,689,522	-
CIC - Community Development (temporarily restricted)	-	-	-	11,048
Permanent fund purpose - Cemetery Perpetual Care (permanently restricted)	252,341	-	252,341	-
Unrestricted	(30,147,379)	31,816,819	1,669,440	4,428
Total net position	\$ 81,777,653	\$ 133,676,323	\$ 215,453,976	\$ 70,476

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Activities For the Year Ended December 31, 2021

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Security of persons and property	\$ 23,722,589	\$ 667,121	\$ 255,939	\$ -
Leisure time activities	3,387,294	349,301	-	904
Community environment	2,662,387	249,761	948,872	76,262
Street maintenance	9,913,865	857,555	2,905,762	2,083,758
General government	5,319,527	3,454,746	138,557	-
Interest and fiscal charges	602,905	-	-	-
Total governmental activities	45,608,567	5,578,484	4,249,130	2,160,924
Business-type activities:				
Sewage and disposal	7,921,685	7,966,821	2,722	296,710
Water	2,972,646	5,977,700	2,722	486,171
Electric	43,946,449	46,912,658	-	-
Sanitation	2,923,834	3,970,792	53,669	-
Leisure time activities	4,015,258	5,963,620	2,500	179,934
Storm drainage utility	828,829	2,048,407	-	635,676
Total business-type activities	62,608,701	72,839,998	61,613	1,598,491
Total primary government	\$ 108,217,268	\$ 78,418,482	\$ 4,310,743	\$ 3,759,415
Component Unit - CIC of Cuyahoga Falls	\$ 91,287	19,895	-	-
General revenues:				
Property and other local taxes levied for:				
General purposes				
Special revenue				
Income tax levied for:				
General purposes				
Special revenue				
Capital projects				
Grants and entitlements not restricted to specific programs				
Gain on sale of capital assets				
Investment earnings				
Transfers				
Total general revenue and transfers				
Change in net position				
Net position - beginning				
Net position - ending				

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2021

(Continued)

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	CIC of Cuyahoga Falls	
\$ (22,799,529)	\$ -	\$ (22,799,529)	\$ -	-
(3,037,089)	-	(3,037,089)	-	-
(1,387,492)	-	(1,387,492)	-	-
(4,066,790)	-	(4,066,790)	-	-
(1,726,224)	-	(1,726,224)	-	-
(602,905)	-	(602,905)	-	-
(33,620,029)	-	(33,620,029)	-	-
-	344,568	344,568	-	-
-	3,493,947	3,493,947	-	-
-	2,966,209	2,966,209	-	-
-	1,100,627	1,100,627	-	-
-	2,130,796	2,130,796	-	-
-	1,855,254	1,855,254	-	-
-	11,891,401	11,891,401	-	-
(33,620,029)	11,891,401	(21,728,628)	-	-
-	-	-	-	(71,392)
13,319,161	-	13,319,161	-	-
1,793,092	-	1,793,092	-	-
16,796,573	-	16,796,573	-	-
2,144,130	-	2,144,130	-	-
7,860,915	-	7,860,915	-	-
3,398,940	-	3,398,940	-	-
17,026	-	17,026	-	-
(133,615)	-	(133,615)	-	-
(280,732)	280,732	-	-	-
44,915,490	280,732	45,196,222	-	-
11,295,461	12,172,133	23,467,594	-	(71,392)
70,482,192	121,504,190	191,986,382	-	141,868
\$ 81,777,653	\$ 133,676,323	\$ 215,453,976	\$ -	\$ 70,476

City of Cuyahoga Falls, Ohio

Balance Sheet - Governmental Funds December 31, 2021

	General	Local Fiscal Recovery Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 13,009,685	\$ 5,554,962	\$ 3,087,514	\$ 2,935,657	\$ 24,587,818
Investments	6,319,608	2,693,118	1,496,867	1,423,299	11,932,892
Cash and cash equivalents - escrow agent	-	-	663,954	-	663,954
Receivables					
Taxes	19,305,010	-	-	2,137,220	21,442,230
Accounts (net of allowance for uncollectibles)	192,661	-	888,351	263,701	1,344,713
Loans	19,326	-	-	2,469,026	2,488,352
Special assessments	-	-	116,092	-	116,092
Accrued interest	38,558	-	-	-	38,558
Due from other funds	92,716	-	16,516	80,000	189,232
Due from other governments	1,901,606	-	303,329	1,671,288	3,876,223
Inventory of supplies	116,787	-	-	538,163	654,950
Prepaid items	198,514	-	-	28,627	227,141
Total assets	<u>\$ 41,194,471</u>	<u>\$ 8,248,080</u>	<u>\$ 6,572,623</u>	<u>\$ 11,546,981</u>	<u>\$ 67,562,155</u>
Liabilities, Deferred Inflows, and Fund Balances					
Liabilities					
Accounts payable	\$ 101,490	\$ -	\$ 856,173	\$ 76,634	\$ 1,034,297
Accrued salaries, wages and benefits	1,382,902	-	-	134,084	1,516,986
Retainage payable	-	-	596,495	5,533	602,028
Unearned revenue	-	8,246,939	-	-	8,246,939
Due to other funds	73,363	-	1,168	11,328	85,859
Due to other governments	671,678	-	11,289	695,256	1,378,223
General obligation notes payable	-	-	3,495,000	-	3,495,000
Total liabilities	<u>2,229,433</u>	<u>8,246,939</u>	<u>4,960,125</u>	<u>922,835</u>	<u>16,359,332</u>
Deferred Inflows of Resources					
Revenues levied for the next year and unavailable revenue	16,340,418	-	816,592	2,959,531	20,116,541
Fund Balances					
Nonspendable	315,301	-	-	819,131	1,134,432
Restricted	19,326	1,141	484,506	6,883,084	7,388,057
Committed	-	-	311,400	1,728	313,128
Assigned	1,810,483	-	-	-	1,810,483
Unassigned	20,479,510	-	-	(39,328)	20,440,182
Total fund balances	<u>22,624,620</u>	<u>1,141</u>	<u>795,906</u>	<u>7,664,615</u>	<u>31,086,282</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 41,194,471</u>	<u>\$ 8,248,080</u>	<u>\$ 6,572,623</u>	<u>\$ 11,546,981</u>	<u>\$ 67,562,155</u>

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to Net Position of
Governmental Activities
December 31, 2021**

Total Governmental Fund Balances \$ 31,086,282

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

Capital assets used in governmental activities (excluding internal service fund capital assets) are not financial resources and therefore are not reported in the funds. Those assets consist of:

Nondepreciable capital assets	\$ 21,179,085	
Depreciable capital assets	<u>104,812,439</u>	125,991,524

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

Investment earnings	20,739	
Delinquent property taxes	422,351	
Grants and entitlements	2,127,734	
Municipal income tax	3,162,892	
Special assessments	116,092	
Charges for services	<u>1,194,207</u>	7,044,015

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

Internal service fund net position is: (12,733,897)

The net pension liability/asset (excluding internal service fund net pension liability/asset) is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - pension	7,318,393	
Deferred inflows - pension	(8,197,247)	
Net pension liability	(43,769,925)	
Net pension asset	<u>197,381</u>	(44,451,398)

The net other post employment benefits liability (excluding internal service fund net other post employment benefits liability) is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - other post employment benefits	3,828,485	
Deferred inflows - other post employment benefits	(5,838,687)	
Net other post employment benefits liability	(5,350,033)	
Net other post employment benefits asset	<u>1,095,478</u>	(6,264,757)

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

Accrued interest payable	(132,888)	
Unamortized bond premium	(546,325)	
Unamortized bond discount	13,506	
Capital leases	(526,517)	
Bonds Payable	<u>(17,701,892)</u>	(18,894,116)

Total Governmental Activities Net Position \$ 81,777,653

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2021

	General	Local Fiscal Recovery Special Revenue	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 11,051,699	\$ -	\$ -	\$ 637,598	\$ 11,689,297
Municipal income taxes	18,990,402	-	7,529,278	2,053,673	28,573,353
Other local taxes	2,231,946	-	-	1,159,318	3,391,264
State levied shared taxes	3,244,200	-	-	3,341,803	6,586,003
Intergovernmental	389,436	-	893,851	1,078,551	2,361,838
Charges for services	954,023	-	1,288,691	-	2,242,714
Fees, licenses and permits	146,176	-	-	612,398	758,574
Interest earnings	(131,174)	1,141	-	1,000	(129,033)
Fines and forfeitures	146,960	-	-	59,851	206,811
Special assessments	-	-	92,678	-	92,678
Other	885,437	-	529,279	656,581	2,071,297
Total revenues	37,909,105	1,141	10,333,777	9,600,773	57,844,796
Expenditures					
Current					
Security of persons and property	20,755,661	-	-	2,866,956	23,622,617
Leisure time activities	2,535,921	-	-	1,931,974	4,467,895
Community environment	1,500,399	-	-	1,745,798	3,246,197
Street maintenance	-	-	-	4,168,896	4,168,896
General government	7,184,827	-	-	1,657	7,186,484
Capital outlay	-	-	12,295,229	180,000	12,475,229
Debt Service					
Principal	-	-	137,437	886,278	1,023,715
Interest	-	-	15,313	637,055	652,368
Total expenditures	31,976,808	-	12,447,979	12,418,614	56,843,401
Excess (deficiency) of revenues					
Over (under) expenditures	5,932,297	1,141	(2,114,202)	(2,817,841)	1,001,395
Other Financing Sources (Uses)					
Premium on debt issuance	-	-	27,890	-	27,890
Capital lease	-	-	663,954	-	663,954
Transfers in	-	-	-	2,779,000	2,779,000
Transfers out	(3,059,732)	-	-	-	(3,059,732)
Total other financing sources (uses)	(3,059,732)	-	691,844	2,779,000	411,112
Net change in fund balances	2,872,565	1,141	(1,422,358)	(38,841)	1,412,507
Fund balance at beginning of year	19,744,551	-	2,218,264	7,851,607	29,814,422
Change in nonspendable inventory	(12,975)	-	-	(150,651)	(163,626)
Change in nonspendable prepaid items	20,479	-	-	2,500	22,979
Fund balance at end of year	\$ 22,624,620	\$ 1,141	\$ 795,906	\$ 7,664,615	\$ 31,086,282

See accompanying notes to the basic financial statements

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 1,412,507

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceeded depreciation in the current period.

Capital additions	\$ 13,584,745	
Current year depreciation	<u>(6,364,020)</u>	7,220,725

In the statement of activities, only the loss on the disposal of assets is reported, whereas, in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets. (4,600,880)

Governmental funds report expenditures for inventory of supplies and prepaid items when purchased. However, in the statement of activities, they are reported as an expense when consumed. (140,647)

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

Investment earnings	2,360	
Delinquent property taxes	35,489	
Grants and entitlements	(46,183)	
Municipal income tax	(1,771,735)	
Special assessments	4,449	
Charges for services	<u>271,836</u>	(1,503,784)

Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred inflows/outflows. (2,541,612)

Contractually required other post employment benefits (OPEB) contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred inflows/outflows. (3,244,248)

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. 3,479,166

Except for amounts reported as deferred inflows/outflows, changes in the net other post employment benefits (OPEB) liability are reported as pension expense in the statement of activities. 9,477,225

Repayment of bond principal and capital lease payments are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,023,715

Issuance of long-term debt in governmental funds increased long-term liabilities in the statement of net position. (663,954)

In the statement of activities, interest is accrued on outstanding debt, whereas in the governmental funds an interest expenditure is reported when due. 8,283

Premiums and discounts on bonds issued are recognized as revenues and expenses, respectively in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 13,290

Internal service funds are used by the City to account for the financing of goods or services provided by one department to other City departments or agencies, generally on a cost reimbursement basis. The revenues (expenses) of the internal service funds are allocated among the governmental activities. 1,355,675

Change in Net Position of Governmental Activities \$ 11,295,461

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 11,044,339	\$ 11,041,984	\$ 11,051,699	\$ 9,715
Municipal income taxes	14,898,327	19,057,158	19,057,158	-
Other local taxes	2,422,623	2,209,476	2,226,934	17,458
State levied shared taxes	2,792,692	3,210,218	3,210,424	206
Intergovernmental	247,794	376,421	376,798	377
Charges for services	4,212,085	4,130,681	4,159,405	28,724
Fees, licenses, and permits	157,926	140,437	146,876	6,439
Interest earnings	370,475	369,959	357,805	(12,154)
Fines and forfeitures	149,924	148,168	148,449	281
Other	662,655	1,006,212	881,206	(125,006)
Total revenues	36,958,840	41,690,714	41,616,754	(73,960)
Expenditures				
Current				
Security of persons and property	20,755,731	20,765,505	20,422,471	343,034
Leisure time activities	3,233,158	3,233,158	2,833,671	399,487
Community environment	1,418,533	1,518,533	1,468,628	49,905
General government	9,557,850	10,307,849	9,831,770	476,079
Total expenditures	34,965,272	35,825,045	34,556,540	1,268,505
Excess (deficiency) of revenues over (under) expenditures	1,993,568	5,865,669	7,060,214	1,194,545
Other Financing (Uses)				
Transfers out	(3,059,732)	(3,059,734)	(3,059,732)	2
Total other financing (uses)	(3,059,732)	(3,059,734)	(3,059,732)	2
Net change in fund balances	(1,066,164)	2,805,935	4,000,482	1,194,547
Fund balance at beginning of year, as restated	14,267,892	14,267,892	14,267,892	-
Prior year encumbrances appropriated	253,244	253,244	253,244	-
Fund balance at end of year	\$ 13,454,972	\$ 17,327,071	\$ 18,521,618	\$ 1,194,547

See accompanying notes to the basic financial statements

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Local Fiscal Recovery Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 8,246,939	\$ 8,246,939	\$ -
Interest earnings	-	1,144	1,141	(3)
Total revenues	-	8,248,083	8,248,080	(3)
Expenditures				
Current				
General government				
Total expenditures	-	-	-	-
Net change in fund balances	-	8,248,083	8,248,080	(3)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 8,248,083</u>	<u>\$ 8,248,080</u>	<u>\$ (3)</u>

City of Cuyahoga Falls, Ohio

Statement of Net Position - Proprietary Funds December 31, 2021

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Assets							
Current Assets							
Equity in pooled cash and cash equivalents	\$ 3,049,068	\$ 4,689,132	\$ 13,187,799	\$ 1,301,047	\$ 2,251,515	\$ 1,484,544	\$ 25,963,105
Investments	1,478,228	2,273,354	6,393,618	630,765	1,091,563	719,725	12,587,253
Receivables							
Accounts							
(net of allowance for uncollectibles)	806,227	647,798	6,036,395	328,921	49,206	128,495	7,997,042
Special assessments	29,685	19,729	-	-	-	153,963	203,377
Due from other funds	41,879	-	474,643	12,698	-	21,706	550,926
Due from other governments	125,062	-	-	-	5,140	-	130,202
Inventory of supplies	38,652	436,506	2,938,001	130,274	90,128	-	3,633,561
Prepaid items	11,632	15,803	43,159	22,709	44,058	6,373	143,734
Investment in joint ventures	-	-	1,448,692	-	-	-	1,448,692
Total current assets	<u>5,580,433</u>	<u>8,082,322</u>	<u>30,522,307</u>	<u>2,426,414</u>	<u>3,531,610</u>	<u>2,514,806</u>	<u>52,657,892</u>
Noncurrent Assets							
Net pension asset	14,591	30,317	77,373	22,373	44,989	6,931	196,574
Net other postemployment benefits (OPEB) asset	80,980	168,258	429,418	124,169	249,688	38,465	1,090,978
Regulated asset	-	-	1,271,892	-	-	-	1,271,892
Capital Assets							
Land	93,459	135,605	530,756	152,781	1,787,907	888,620	3,589,128
Buildings	522,680	1,202,443	1,070,762	412,886	36,908,457	11,700	40,128,928
Improvements other than buildings	32,840,542	38,647,986	54,622,826	257,918	4,928,525	16,891,214	148,189,011
Equipment	1,602,353	2,351,011	8,063,080	5,926,049	899,114	772,156	19,613,763
CIP	22,600	127,442	69,922	-	299,608	298,512	818,084
Less: Accumulated depreciation	(17,724,383)	(21,689,461)	(35,735,084)	(3,468,177)	(17,777,520)	(4,449,862)	(100,844,487)
Total noncurrent assets	<u>17,452,822</u>	<u>20,973,601</u>	<u>30,400,945</u>	<u>3,427,999</u>	<u>27,340,768</u>	<u>14,457,736</u>	<u>114,053,871</u>
Total assets	<u>23,033,255</u>	<u>29,055,923</u>	<u>60,923,252</u>	<u>5,854,413</u>	<u>30,872,378</u>	<u>16,972,542</u>	<u>166,711,763</u>
Deferred Outflows of Resources							
Pension	113,624	236,085	602,522	174,223	350,340	53,971	1,530,765
Other postemployment benefits (OPEB)	40,161	99,769	338,908	64,289	123,828	19,076	686,031
Advance refunding of debt	-	-	-	-	162,887	-	162,887
Total deferred outflows of resources	<u>153,785</u>	<u>335,854</u>	<u>941,430</u>	<u>238,512</u>	<u>637,055</u>	<u>73,047</u>	<u>2,379,683</u>
Liabilities							
Current Liabilities							
Accounts payable	12,525	68,772	2,145,024	82,270	62,243	15,477	2,386,311
Accrued salaries, wages and benefits	50,580	95,951	250,875	76,590	92,122	14,867	580,985
Accrued compensated absences	-	-	-	-	-	-	-
Accrued interest payable	5,093	3,254	-	-	20,690	-	29,037
Retainage payable	3,235	26,554	47,989	-	10,246	9,978	98,002
Unearned revenue	-	-	-	-	61,360	-	61,360
Due to other funds	80,874	206,751	3,886	58,823	284,538	16,516	651,388
Due to other governments	1,139,408	90,753	188,346	49,734	90,507	3,716	1,562,464
Deposits held and due to others	-	-	1,384,119	256,950	-	-	1,641,069
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	51,393	51,393	-	-	-	51,393	154,179
Payable to American Municipal Power	-	-	167,322	-	-	-	167,322
General obligation bonds payable	30,000	50,000	-	-	760,000	-	840,000
Total current liabilities	<u>1,373,108</u>	<u>593,428</u>	<u>4,187,561</u>	<u>524,367</u>	<u>1,381,706</u>	<u>111,947</u>	<u>8,172,117</u>
Noncurrent Liabilities							
Net pension liability	690,948	1,435,637	3,663,946	1,059,454	2,130,424	328,201	9,308,610
Net other postemployment benefits (OPEB) liability	-	-	-	-	-	-	-
Accrued compensated absences	-	-	-	-	-	-	-
Claims and judgments payable	-	-	-	-	-	-	-
Capital lease obligations	107,704	107,704	-	-	-	107,705	323,113
Payable to American Municipal Power	-	-	1,104,570	-	-	-	1,104,570
General obligation bonds payable	390,000	1,331,469	-	-	6,759,049	-	8,480,518
Total noncurrent liabilities	<u>1,188,652</u>	<u>2,874,810</u>	<u>4,768,516</u>	<u>1,059,454</u>	<u>8,889,473</u>	<u>435,906</u>	<u>19,216,811</u>
Total liabilities	<u>2,561,760</u>	<u>3,468,238</u>	<u>8,956,077</u>	<u>1,583,821</u>	<u>10,271,179</u>	<u>547,853</u>	<u>27,388,928</u>
Deferred Inflows of Resources							
Pension	323,952	673,100	1,717,845	496,726	998,852	153,877	4,364,352
Other postemployment benefits (OPEB)	265,218	532,868	1,359,917	393,242	877,006	137,756	3,566,007
Total deferred inflows of resources	<u>589,170</u>	<u>1,205,968</u>	<u>3,077,762</u>	<u>889,968</u>	<u>1,875,858</u>	<u>291,633</u>	<u>7,930,359</u>
Net Position							
Net investment in capital assets	16,778,154	19,234,460	28,622,262	3,281,457	19,689,929	14,253,242	101,859,504
Unrestricted	3,257,956	5,483,111	21,208,581	337,679	(327,533)	1,952,861	31,912,655
Total net position	<u>\$ 20,036,110</u>	<u>\$ 24,717,571</u>	<u>\$ 49,830,843</u>	<u>\$ 3,619,136</u>	<u>\$ 19,362,396</u>	<u>\$ 16,206,103</u>	<u>\$ 133,772,159</u>
Adjustment to consolidate the internal service fund activities related to enterprise funds.							(95,836)
Total net position of business-type activities							<u>\$ 133,676,323</u>

See accompanying notes to the basic financial statements

Statement of Net Position - Proprietary Funds
December 31, 2021

(Continued)

	Governmental Activities - Internal Service Funds
Assets	
Current Assets	
Equity in pooled cash and cash equivalents	\$ 5,533,146
Investments	2,682,864
Receivables	
Accounts	
(net of allowance for uncollectibles)	100,149
Special assessments	-
Due from other funds	-
Due from other governments	52,545
Inventory of supplies	313,286
Prepaid items	1,285
Investment in joint ventures	-
Total current assets	<u>8,683,275</u>
Noncurrent Assets	
Net pension asset	11,349
Net other postemployment benefits (OPEB) asset	62,985
Regulated asset	-
Capital Assets	
Land	21,960
Buildings	113,503
Improvements other than buildings	260,029
Equipment	316,428
CIP	-
Less: Accumulated depreciation	<u>(571,545)</u>
Total noncurrent assets	<u>214,709</u>
Total assets	<u>8,897,984</u>
Deferred Outflows of Resources	
Pension	88,374
Other postemployment benefits (OPEB)	1,441,557
Advance refunding of debt	-
Total deferred outflows of resources	<u>1,529,931</u>
Liabilities	
Current Liabilities	
Accounts payable	204,901
Accrued salaries, wages and benefits	36,411
Accrued compensated absences	1,960,482
Accrued interest payable	-
Retainage payable	-
Unearned revenue	-
Due to other funds	2,911
Due to other governments	24,705
Deposits held and due to others	-
Claims and judgments payable	606,518
Capital lease obligations	-
Payable to AMP	-
General obligation bonds payable	-
Total current liabilities	<u>2,835,928</u>
Noncurrent Liabilities	
Net pension liability	537,405
Net other postemployment benefits (OPEB) liability	9,830,547
Accrued compensated absences	8,188,399
Claims and judgments payable	16,663
Capital lease obligations	-
Payable to AMP	-
General obligation bonds payable	-
Total noncurrent liabilities	<u>18,573,014</u>
Total liabilities	<u>21,408,942</u>
Deferred Inflows of Resources	
Pension	251,963
Other postemployment benefits (OPEB)	1,596,743
Total deferred inflows of resources	<u>1,848,706</u>
Net Position	
Net investment in capital assets	140,375
Unrestricted	<u>(12,970,108)</u>
Total net position	<u>\$ (12,829,733)</u>

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Operating Revenues							
Charges for services	\$ 7,818,862	\$ 5,647,156	\$ 47,131,301	\$ 3,793,683	\$ 4,766,993	\$ 2,016,475	\$ 71,174,470
Other	233,632	330,544	354,424	197,543	1,196,627	72,509	2,385,279
Total operating revenues	<u>8,052,494</u>	<u>5,977,700</u>	<u>47,485,725</u>	<u>3,991,226</u>	<u>5,963,620</u>	<u>2,088,984</u>	<u>73,559,749</u>
Operating Expenses							
Personal services	718,858	1,457,536	3,890,782	1,136,988	2,343,880	400,659	9,948,703
Fringe benefits	(373,215)	(597,838)	(1,063,814)	(450,263)	(1,735,502)	(226,856)	(4,447,488)
Purchased power	-	-	30,715,646	-	-	-	30,715,646
Materials and supplies	24,970	331,047	5,672,483	181,004	298,339	44,602	6,552,445
Utilities	48,482	333,718	43,942	25,234	227,058	552	678,986
Contractual services	6,138,938	139,808	179,494	837,740	61,410	112,944	7,470,334
Internal charges	279,974	329,864	1,313,629	785,565	652,874	54,456	3,416,362
Other	344,102	501,275	1,175,044	144,639	1,128,453	99,478	3,392,991
Depreciation	828,876	1,071,159	2,235,330	442,577	992,731	359,307	5,929,980
Total Operating Expenses	<u>8,010,985</u>	<u>3,566,569</u>	<u>44,162,536</u>	<u>3,103,484</u>	<u>3,969,243</u>	<u>845,142</u>	<u>63,657,959</u>
Net income (loss) from operations	<u>41,509</u>	<u>2,411,131</u>	<u>3,323,189</u>	<u>887,742</u>	<u>1,994,377</u>	<u>1,243,842</u>	<u>9,901,790</u>
Nonoperating Revenues (Expenses)							
Interest revenue	-	-	-	-	-	-	-
Interest expense	(15,222)	(40,461)	-	-	(208,349)	(2,446)	(266,478)
Gain (loss) from disposal of capital assets	12,645	18,057	26,028	(3,791)	(1,722)	965	52,182
Grants	2,722	2,722	-	53,669	2,500	-	61,613
Total nonoperating revenues (expenses)	<u>145</u>	<u>(19,682)</u>	<u>26,028</u>	<u>49,878</u>	<u>(207,571)</u>	<u>(1,481)</u>	<u>(152,683)</u>
Income (loss) before contributions and transfers	<u>41,654</u>	<u>2,391,449</u>	<u>3,349,217</u>	<u>937,620</u>	<u>1,786,806</u>	<u>1,242,361</u>	<u>9,749,107</u>
Capital Contributions	296,710	486,171	-	-	179,934	635,676	1,598,491
Transfers in	-	-	-	-	280,732	-	280,732
Changes in net position	<u>338,364</u>	<u>2,877,620</u>	<u>3,349,217</u>	<u>937,620</u>	<u>2,247,472</u>	<u>1,878,037</u>	<u>11,628,330</u>
Total net position - beginning	19,697,746	21,839,951	46,481,626	2,681,516	17,114,924	14,328,066	
Total net position - ending	<u>\$ 20,036,110</u>	<u>\$ 24,717,571</u>	<u>\$ 49,830,843</u>	<u>\$ 3,619,136</u>	<u>\$ 19,362,396</u>	<u>\$ 16,206,103</u>	
Adjustment to consolidate the internal service fund activities related to enterprise funds.							543,803
Change in net position of business-type activities							<u>\$ 12,172,133</u>

See accompanying notes to the basic financial statements

City of Cuyahoga Falls, Ohio

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended December 31, 2021

(Continued)

	Governmental Activities - Internal Service Funds
Operating Revenues	
Charges for services	\$ 11,032,619
Other	612,118
Total operating revenues	<u>11,644,737</u>
Operating Expenses	
Personal services	1,063,572
Fringe benefits	6,834,041
Purchased power	-
Materials and supplies	1,186,028
Utilities	12,118
Contractual services	105,613
Internal charges	182,521
Other	358,578
Depreciation	7,897
Total Operating Expenses	<u>9,750,368</u>
Net income (loss) from operations	<u>1,894,369</u>
Nonoperating Revenues (Expenses)	
Interest revenue	(4,959)
Interest expense	-
Gain (loss) from disposal of capital assets	1,564
Grants	-
Total nonoperating revenues (expenses)	<u>(3,395)</u>
Income (loss) before contributions and transfers	<u>1,890,974</u>
Capital Contributions	8,504
Transfers in	-
Changes in net position	<u>1,899,478</u>
Total net position - beginning	(14,729,211)
Total net position - ending	<u>\$ (12,829,733)</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2021

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Cash Flows From Operating Activities							
Cash received from customers	\$ 8,466,068	\$ 6,261,563	\$ 51,671,539	\$ 4,066,359	\$ 5,955,168	\$ 2,135,902	\$ 78,556,599
Cash payments to employees for services	(688,989)	(1,411,011)	(3,750,630)	(1,102,883)	(2,301,093)	(389,766)	(9,644,372)
Cash payments to employees for benefits	(270,061)	(514,412)	(1,294,435)	(434,279)	(572,827)	(149,187)	(3,235,201)
Cash payments to suppliers for goods and services	(7,284,924)	(1,812,458)	(40,202,335)	(2,097,772)	(2,389,465)	(327,975)	(54,114,929)
Net cash provided by operating activities	222,094	2,523,682	6,424,139	431,425	691,783	1,268,974	11,562,097
Cash Flows From Non-Capital Financing Activities							
Grant proceeds	2,722	2,722	-	53,669	2,500	-	61,613
Transfers in	-	-	-	-	280,732	-	280,732
Net cash provided by non-capital financing activities	2,722	2,722	-	53,669	283,232	-	342,345
Cash Flows From Capital and Related Financing Activities							
Acquisition of capital assets	(98,642)	(342,294)	(2,293,776)	(396,303)	(337,571)	(770,485)	(4,239,071)
Proceeds from the sale of capital assets	8,351	10,352	9,405	6,393	-	3,726	38,227
Debt service							
Principal	(82,127)	(447,127)	-	-	(745,000)	(52,127)	(1,326,381)
Interest	(15,586)	(53,982)	-	-	(263,275)	(2,446)	(335,289)
Net cash provided by (used in) capital and related financing activities	(188,004)	(833,051)	(2,284,371)	(389,910)	(1,345,846)	(821,332)	(5,862,514)
Cash Flows from Investing Activities							
Interest revenue	-	-	-	-	-	-	-
Sale of investments	1,232,226	1,445,895	4,237,318	503,986	1,019,128	482,033	8,920,586
Purchase of investments	(1,478,228)	(2,273,354)	(6,393,618)	(630,765)	(1,091,563)	(719,725)	(12,587,253)
Net cash provided by (used in) investing activities	(246,002)	(827,459)	(2,156,300)	(126,779)	(72,435)	(237,692)	(3,666,667)
Net increase (decrease) in cash and cash equivalents	(209,190)	865,894	1,983,468	(31,595)	(443,266)	209,950	2,375,261
Cash and cash equivalents at Beginning of Year, as restated	3,258,258	3,823,238	11,204,331	1,332,642	2,694,781	1,274,594	23,587,844
Cash and cash equivalents at end of year	\$ 3,049,068	\$ 4,689,132	\$ 13,187,799	\$ 1,301,047	\$ 2,251,515	\$ 1,484,544	\$ 25,963,105

See accompanying notes to the basic financial statements

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2021**

(Continued)

	Governmental Activities - Internal Service Funds
Cash Flows From Operating Activities	
Cash received from customers	\$ 12,202,348
Cash payments to employees for services	(1,344,997)
Cash payments to employees for benefits	(7,078,138)
Cash payments to suppliers for goods and services	<u>(1,809,899)</u>
Net cash provided by operating activities	1,969,314
Cash Flows From Non-Capital Financing Activities	
Grant proceeds	-
Transfers in	<u>-</u>
Net cash provided by non-capital financing activities	-
Cash Flows From Capital and Related Financing Activities	
Acquisition of capital assets	(54,255)
Proceeds from the sale of capital assets	-
Debt service	-
Principal	-
Interest	<u>-</u>
Net cash provided by capital and related financing activities	(54,255)
Cash Flows from Investing Activities	
Interest revenue	(4,959)
Sale of investments	1,742,696
Purchase of investments	<u>(2,682,864)</u>
Net cash provided by (used in) investing activities	<u>(945,127)</u>
Net increase (decrease) in cash and cash equivalents	969,932
Cash and cash equivalents at Beginning of Year, as restated	<u>4,563,214</u>
Cash and cash equivalents at end of year	<u>\$ 5,533,146</u>

City of Cuyahoga Falls, Ohio

Statement of Cash Flows - Proprietary Funds For the Year Ended December 31, 2021

(Continued)

	Business-type Activities - Enterprise Funds						Total
	Sewage and Disposal	Water	Electric	Sanitation	Leisure Time	Storm Drainage Utility	
Reconciliation of Operating Income							
(Loss) to Net cash provided by Operating Activities							
Operating Income (Loss)	\$ 41,509	\$ 2,411,131	\$ 3,323,189	\$ 887,742	\$ 1,994,377	\$ 1,243,842	\$ 9,901,790
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	828,876	1,071,159	2,235,330	442,577	992,731	359,307	5,929,980
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:							
Receivables	224,160	103,370	3,211,413	(23,410)	8,315	17,148	3,540,996
Due from other funds	(15,878)	22	120,653	1	-	(2,924)	101,874
Due from other governments	(1,542)	-	-	-	(5,140)	-	(6,682)
Inventory of supplies	(975)	35,547	928,908	32,207	26,008	-	1,021,695
Prepaid items	(870)	(840)	(9,786)	(539)	755	(144)	(11,424)
Investment in joint ventures	-	-	111,713	-	-	-	111,713
Deferred outflows of resources - pension	33,573	142,925	733,147	64,667	105,809	16,400	1,096,521
Deferred outflows of resources - OPEB	61,753	152,023	510,421	98,627	190,408	29,333	1,042,565
Accounts payable							
- net of items affecting capital assets	3,127	22,507	(1,255,257)	(67,865)	27,030	5,630	(1,264,828)
Accrued salaries, wages and benefits	29,899	46,525	140,238	34,177	42,789	10,863	304,491
Due to other funds	(17,915)	(53,489)	(1,401)	(14,289)	(45,126)	11,126	(121,094)
Due to other governments	(216,064)	42,190	98,162	21,716	47,261	2,411	(4,324)
Deposits held and due to others	-	-	(23,096)	25,366	-	-	2,270
Claims and judgments payable	-	-	-	-	(30,000)	-	(30,000)
Unearned revenue	-	-	-	-	(11,627)	-	(11,627)
Deferred inflows of resources - pension	80,660	244,541	622,397	180,652	(11,231)	(13,345)	1,103,674
Deferred inflows of resources - OPEB	150,075	338,747	865,778	249,846	375,828	54,015	2,034,289
Net pension liability	(255,583)	(531,045)	(1,355,298)	(391,894)	(788,047)	(121,401)	(3,443,268)
Net OPEB liability	(722,711)	(1,501,631)	(3,832,372)	(1,108,156)	(2,228,357)	(343,287)	(9,736,514)
Total adjustments	180,585	112,551	3,100,950	(456,317)	(1,302,594)	25,132	1,660,307
Net cash provided by (used in) operating activities	\$ 222,094	\$ 2,523,682	\$ 6,424,139	\$ 431,425	\$ 691,783	\$ 1,268,974	\$ 11,562,097

During 2021, the Sewage and Disposal, Water, and Storm Drainage Utility Enterprise Funds received contributions in the form of capital assets from a private developer in the amount of \$296,710, \$486,171, and \$635,676, respectively. In addition, the Leisure Time Fund, and Garage Internal Service Fund received contributions in the form of capital assets from the Recreation Levy Special Revenue Fund, and Governmental Activities in the amount of \$179,934, and \$8,504, respectively.

**Statement of Cash Flows - Proprietary Funds
For the Year Ended December 31, 2021**

(Continued)

	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income	
(Loss) to Net cash provided by Operating Activities	
Operating Income (Loss)	\$ 1,894,369
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	7,897
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:	
Receivables	129,216
Due from other funds	-
Due from other governments	428,395
Inventory of supplies	(67,027)
Prepaid items	(559)
Investment in joint ventures	-
Deferred outflows of resources - pension	79,766
Deferred outflows of resources - OPEB	442,051
Accounts payable	
- net of items affecting capital assets	102,813
Accrued salaries, wages and benefits	(281,485)
Due to other funds	(208)
Due to other governments	(133,469)
Deposits held and due to others	-
Claims and judgments payable	218,730
Unearned revenue	-
Deferred inflows of resources - pension	76,040
Deferred inflows of resources - OPEB	185,639
Net pension liability	(198,786)
Net OPEB liability	(914,068)
Total adjustments	74,945
Net cash provided by (used in) operating activities	\$ 1,969,314

City of Cuyahoga Falls, Ohio

Statement of Fiduciary Net Position - Custodial Funds December 31, 2021

	Custodial Funds
Assets	
Equity in pooled cash and cash equivalents	\$ 21,131
Investments	10,244
Income taxes receivable	45,234
Due from other governments	3,771
Total assets	<u>80,380</u>
Liabilities	
Due to other governments	80,380
Total liabilities	<u>80,380</u>
Net Position	
Restricted for:	
Individuals, organizations, and other governments	-
	<u>\$ -</u>

See accompanying notes to the basic financial statements

**Statement of Changes in Fiduciary Net Position -
Custodial Funds
For the Year Ended December 31, 2021**

	Custodial Funds
Additions	
Court receipts	\$ 124,704
Income taxes	254,780
Other	3,346
Total additions	382,830
Deductions	
Court disbursements	124,704
Income tax disbursements, Boston Township	99,663
Income tax disbursements, City of Cuyahoga Falls	149,495
Contractual services	8,968
Total deductions	382,830
Net increase (decrease) in Fiduciary Net Position	-
Total net position - beginning	500
Total net position - ending	\$ -

**NOTES TO THE FINANCIAL
STATEMENTS**

**Notes to the Financial Statements
December 31, 2021**

NOTE 1 – REPORTING ENTITY

The City of Cuyahoga Falls (the “City”) operates as a political subdivision of the State of Ohio. The community was founded in 1812, became a township in 1851, was incorporated as a village in 1868 and became a city in 1920. The City Charter was first adopted on November 3, 1959, and became effective on January 1, 1960. The Charter establishes a strong Mayor-Council form of government.

The City provides municipal services such as police and fire protection, emergency medical service, administration of justice, community planning and development, recreational and cultural activities, street maintenance, cemetery operations, environmental services and other functions necessary for general government. The City also operates certain enterprise operations such as water and sanitary sewer service, refuse collection, electric distribution, storm drainage utilities, and recreation facilities that include a natatorium, a golf course, driving range/batting cages/miniature golf, an outdoor water park and a community center.

The accompanying financial statements comply with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended by Statement No. 61, The Financial Reporting Entity: Omnibus, and Statement No. 39, Determining Whether Certain Organizations are Component Units, in that the financial statements include those activities and functions in which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City. In addition, certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based on this criteria, the City has one component unit.

Component unit – The Community Improvement Corporation of Cuyahoga Falls (CIC) is a not for profit corporation to advance, encourage, and promote the industrial, commercial, civic, and economic development of Cuyahoga Falls, Ohio, under the applicable sections of the Ohio Revised Code. The City has assumed a financial burden to the component unit by permitting the CIC to keep proceeds from the sale of City property for their operations and paying portions of tax increment financing received from the Summit County Fiscal Officer to the CIC. Since this funding represents a significant portion of CIC revenue, the organization is fiscally dependent on the City. Also, the majority of the CIC’s board is appointed by the City. The City has chosen the discrete method of presentation of CIC because it provides services to the primary government and the citizens of the City as opposed to only the primary government. The discrete method of presentation requires component unit data to be reported together with, but separately from the data of the primary government in the government-wide financial statements. Complete financial statement for the CIC may be obtained at the entity’s administrative offices, 2310 Second Street, Cuyahoga Falls, Ohio 44221.

The City participates in the Akron Metropolitan Area Transportation Study and the Boston Township-City of Cuyahoga Falls Joint Economic Development District. These jointly governed organizations are discussed in Note 20 of the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic 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 below.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial 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 report information on all of the nonfiduciary activities of the primary government and its component unit. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues and expenses that would otherwise occur. Internal service fund balances, whether positive or negative, have been eliminated against governmental activity program expenses shown in the statement of activities. Other activities from interfund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function of segment. 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 governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

Fund financial statements are designated to present financial information of the City at a more detailed level. The focus of governmental and proprietary fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds, which include all enterprise funds, are reported as separate columns in the fund financial statements. Nonmajor governmental funds are aggregated and presented in a single column on the governmental fund statements. Governmental activities internal service funds are aggregated and presented in a single column in the proprietary fund statements. The City's only business-type internal service fund, the Utility Billing Fund, which is a billing and collections operation for the City's utility enterprise funds: Sewage and Disposal, Water, Electric, Sanitation, and Storm Drainage Utility have been directly reported in those funds. Fiduciary funds are reported by type.

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

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 purpose 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 liabilities is reported as fund balance. The following are the City's major governmental funds:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

General Fund

This fund accounts for all financial resources of the City except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the Charter of the City of Cuyahoga Falls and/or the general laws of Ohio. In addition, Municipal Income Tax Fund activity has been blended with the General Fund for financial reporting, and is not separately reported.

Local Fiscal Recovery Special Revenue Fund

To account for American Rescue Plan Act grant revenue which is restricted for use according to Federal Guidelines.

Capital Projects Fund

This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

The other governmental funds of the City account for grants and other resources, which are restricted to a particular purpose.

Proprietary Fund Types

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Sewage and Disposal Fund

This fund accounts for sanitary sewer service provided to residential and commercial users within the City.

Water Fund

This fund accounts for the provision of water treatment and distribution to residential and commercial users within the City, the City of Munroe Falls, the Village of Silver Lake and certain other residents within close proximity.

Electric Fund

This fund accounts for the distribution of electricity to residential and commercial users within the City.

Sanitation Fund

This fund accounts for the refuse and recycling collection services provided to residential and commercial users within the City.

Leisure Time Fund

This fund accounts for the revenues and expenses of an outdoor swimming pool, a Community Recreation Center, a municipal golf course/driving range/batting cages/miniature golf facility and a civic cultural center.

Storm Drainage Utility Fund

This fund accounts for monies received for the storm sewer infrastructure repair and upgrade. These monies will be used to construct, equip, operate, repair, improve, extend and maintain open drainage ways, underground storm drains, equipment and appurtenances necessary. Also, used for improvements and maintenance of the drainage systems.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department of the City to other departments or agencies of the City on a cost-reimbursement basis. The City has the following internal service funds, which are described in the combining statements and individual fund statements section: Garage, Self-Insurance, Workers' Compensation and Compensated Absences. All of the City's internal service funds are nonmajor funds.

Fiduciary Funds

Fiduciary Fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The City has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's custodial funds account for money received by the City for money on deposit with the Cuyahoga Falls Mayor's Court for State cases fines and forfeitures, evidence deposits, and activity of the Boston Township-City of Cuyahoga Falls Joint Economic Development District.

C. Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and liabilities associated with operation of the City are included on the Statement of 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 current liabilities 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, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are 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 activities. The custodial funds use the economic resources measurement focus.

D. 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 and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 4). 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 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.

Unearned revenue in the Leisure Time Fund relates to the open balance of gift cards at year-end, where products or services will be delivered at some point in the future.

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

Expenses/Expenditures

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

Budgetary Data

The budgetary process is prescribed by Charter and by the provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Alternative Tax Budget Information Form, the Official Certificate of Estimated Resources and the Appropriation Ordinance(s), all of which are prepared on the budgetary basis of accounting.

All funds other than custodial funds are legally required to be budgeted. The Cemetery Perpetual Care Permanent Fund is not reported on a budgetary basis, as the fund did not have expenditures on a non-GAAP budgetary basis. However, only governmental funds are reported.

Tax Budget

The Summit County Budget Commission (the “Commission”) has waived the requirement for a taxing authority to officially adopt a tax budget, pursuant to ORC. However, the Commission requires a taxing authority to complete and file an Alternative Tax Budget Form (preliminary financial plan) with the County Fiscal Officer on or before July 20th for all subdivisions excluding school districts, which file their form on or before January 20th. The form is prepared to assist the Commission in performing their duties, including the division of the tax rates and the creation of the Official Certificate of Estimated Resources. The following schedules are provided in the form:

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Levies inside and outside ten mill limitation, inclusive of debt levies.

Detailed statement of fund activity for the General Fund and any other fund that receives property tax.

Aggregate statement of fund activity for all other budgeted funds.

Unvoted general obligation debt.

Voted debt outside ten mill limit.

Tax anticipation notes.

Estimated Resources

The Commission certifies its actions regarding the Tax Budget to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any balances from the preceding year. The Certificate of Estimated Resources may also be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Since the Official Certificate of Estimated Resources is based on the Alternative Tax Budget Information Form, which is preliminary in nature, the amounts reported as the original budgeted amounts on the budgetary statements are based on the first Amended Official Certificate of Estimated Resources to which the original appropriations are based. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final Amended Certificate of Estimated Resources.

Appropriations

City Charter, Article VI, Section 6. Estimated Budgets; Allotments, states before the beginning of each fiscal year, the head of each office and department shall submit to the Mayor, at a time designated by him, an estimated budget for the coming fiscal year, which estimate shall show the requested allotments of the appropriations and estimated income for such office or department for the entire calendar year. The Mayor shall then request Council to determine and approve the budget for each office or department and the aggregate of such allotments, as approved by Council, shall not exceed the total estimated funds available to all offices and departments for the fiscal year. In addition, Article VI, Section 7, states the Mayor shall file a copy of the budget as approved by the Council, with the Director of Finance, who shall authorize all expenditures for the offices, departments and agencies to be made from the appropriations on the basis of approved allocations and not otherwise. An approved appropriation may be revised during the fiscal year in the same manner as the original appropriation was made. If, at any time during the fiscal year, the Finance Director and the Mayor shall ascertain that the available income, plus balances, for the year will be less than the total appropriations, the Mayor shall request the Council to reconsider the budgets and appropriations so as to forestall the making of expenditures in excess of the said income.

The Appropriation Ordinance represents City Council authorization to spend resources and sets annual limits on expenditures of the resources. The initial level of budgetary control is passed by City Council at the fund level, department and object level (Personal Services, Other Operations, Capital Outlay, Debt Service and Transfers) with further restrictions prohibiting the transfer of funds between departments of a particular fund and limiting transfers of sums between line items of a department, at any time within the fiscal year which exceed in the aggregate seven percent of the amount originally appropriated in the line item from which the transfer is made, but not to exceed \$10,000. The City Finance Director is authorized by Charter to transfer funds already appropriated between funds and departments; however, any revisions that change the total fund appropriations or exceed the limits restricting transfers of sums between line items must be approved by City Council. The Appropriation Ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources, as certified by the Commission.

The amounts reported as the original budgeted amounts reflect the original Appropriation Ordinance. The amounts reported as the final budgeted amounts represent the final Appropriation Ordinance, including all amendments and modifications passed by City Council in December 2021.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lapsing of Appropriations

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year end are reported as assigned, committed, or restricted fund balances in governmental fund financial statements since they do not constitute expenditures or liabilities.

Equity in Pooled Cash and Cash Equivalents and Investments

Cash balances of the City’s funds are pooled and invested in investments in order to provide improved cash management. These investments consist of State Treasury Asset Reserve of Ohio (STAR Ohio), and other government securities.

Investments maturing within three months of purchase and investments of the pool are included in “Equity in Pooled Cash and Cash Equivalents.” For purposes of the statements of cash flows, cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less.

The City’s investment in State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio as the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. For 2019, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Invested monies are stated at fair value, with the exception of participating interest-earning contracts that have a remaining maturity at time of purchase of one year or less, which are reported at amortized cost. For reporting purposes, interest earned by the cash and investment pool has been reported as interest income by the General Fund in accordance with Ohio Revised Code, with the exception of the Debt Service Fund, Federal Law Enforcement Fund, Cemetery Perpetual Care Permanent Fund and Worker’s Compensation Internal Service Fund. Based on Ordinance 122-1992, interest generated by the Workers’ Compensation fund balance is to remain with the fund.

Inventory of Supplies

On Government-wide financial statements, inventories of supplies are presented at cost and inventories held for resale are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost and inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in governmental funds when purchased and as an expense in the proprietary fund types when used. Reported supplies inventory is equally offset by non-spendable fund balance in governmental funds, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption or resale.

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid items

Payments made to vendors for services that will benefit periods beyond December 31, 2021, are recorded as prepaid items. On the government-wide and proprietary fund statements, prepaid items are recorded using the consumption method by recording a current asset for the prepaid amount and reflecting the expense in the year in which services are consumed. On the fund financial statements, the actual payment for these services is recorded as an expenditure when purchased. Reported prepaid items are equally offset by non-spendable fund balance, which indicates that it does not constitute “available spendable resources” even though it is a component of net current assets.

Capital Assets

General capital assets are those specifically associated with general governmental activities. These assets primarily result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported in both the business-type activities column of the government-wide statement of net position and in the respective fund statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The City has a capitalization threshold to \$5,000. The City’s infrastructure consists of roads, bridges, culverts, City sidewalks and traffic signalization. Improvements that add to the value of the asset or materially extend the life of an asset are capitalized. The cost of normal maintenance and repairs that does not meet the capitalization criteria is not capitalized. Interest incurred in capital projects or during construction periods is not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Improvements	5-50
Machinery and Equipment	5-30
Infrastructure	25-50

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, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes investment earnings, delinquent property taxes, grants and entitlements, municipal income taxes, special assessments, and charges for services meeting the availability criteria. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide and proprietary funds statements of net position. (See Note 7 and 8).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflow of resources, represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide and proprietary funds statements of net position for a deferral on debt refunding, pension, and OPEB. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Note 7 and 8.

Interfund Balances

On the fund financial statements, unpaid amounts for interfund services are reported as “Due to/from other funds.” Interfund loans, that are determined to be long-term, are classified as “Advances to/from other funds” and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time benefits are accrued as a liability as the benefits are earned, since these amounts are attributable to services already rendered and the probability exists that the City will compensate employees for these benefits through paid time off or compensation. Sick leave benefits are accrued as a liability using the termination method. An accrual is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City’s past experience of making termination payments.

The entire compensated absences liability is reported in the Compensated Absences Internal Service Fund and on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount of matured compensated absences expected to be paid using expendable available financial resources. These amounts are included in “accrued salaries, wages and benefits” in the funds from which employees are paid. The noncurrent portion of the liability is not reported. In proprietary fund types, the entire amount of compensated absences is reported as a fund liability.

Pensions/Other Postemployment Benefits (OPEB)

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, which are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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 areas are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City's Council. Those committed amounts cannot be used for any other purpose unless the City's Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

Net position represents the difference between all other elements in a statement of financial 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 either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Grants and Intergovernmental Revenues

Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. Federal reimbursement-type grants are recorded as intergovernmental receivables and revenue in the period when all applicable eligibility requirements have been met and the resources are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sanitary sewer service, water, electric distribution, refuse collection, leisure time activities, storm drainage utilities, internal service charges and self-insurance programs. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction or from contributions from governmental funds. During 2021, the Sewage and Disposal, Water, and Storm Drainage Utility Funds received contributions in the form of capital assets from a private developer in the amount of \$296,710, \$486,171, and \$635,676, respectively. In addition, the Leisure Time Fund, and Garage Internal Service Fund receive contributions in the form of capital assets from the Recreation Levy Special Revenue Fund, and Governmental Activities in the amount of \$179,934, and \$8,504, respectively.

Interfund Activity

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

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

City of Cuyahoga Falls, Ohio

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

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.

Accountability

Fund balances at December 31, 2021 included individual fund deficits in the Police Pension and Fire Pension Nonmajor Special Revenue Funds in the amounts of (\$6,664), and (\$32,664), respectively. These deficit fund balances resulted from adjustments for accrued payroll liability at year-end. The General Fund is liable for any deficits in these funds and provide transfers when cash is required on the budgetary basis of accounting.

NOTE 3 – 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 certain transactions on a basis of cash receipts disbursements and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund, 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 budget basis as provided by law and GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP).
- C. Encumbrances are treated as expenditures (budget) rather than as restricted, committed, or assigned fund balance (GAAP).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General, which includes Municipal Income Tax Fund, and major special revenue funds are as follows:

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Local Fiscal Recovery Fund</u>
GAAP Basis	\$ 2,872,565	\$ 1,141
Increase (decrease) due to:		
Net change in receivables and other assets not recognized on a budget basis	1,888,687	\$ 0
Net change in liabilities not recognized on a budget basis	(452,909)	\$ 8,246,939
Encumbrances	<u>(307,861)</u>	<u>\$ 0</u>
Budget Basis	<u>\$ 4,000,482</u>	<u>\$ 8,248,080</u>

NOTE 4 - RECEIVABLES

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property taxes and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments, loans, and accounts (billings for utilities and EMS Transport services provided). Utility accounts receivable and EMS Transport fees receivable billed to customers prior to year-end are recorded net of an allowance for doubtful accounts, based on management’s estimate.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years with a triennial update. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by June 20. In certain circumstances, state statute permits earlier or later payment dates to be established.

Tangible personal property taxes (for tangible property other than public utility property) attach as a lien and are levied on January 1 of the current calendar year. Tax collections for the current year are therefore based upon assessed values as of January 1 of the current year. The tangible personal property tax is being phased out.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same date as real property taxes described previously.

The Summit County Fiscal Officer collects property taxes on behalf of all taxing districts in the County including the City of Cuyahoga Falls. The Summit County Fiscal Officer periodically remits to the City its portion of the taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively. The amounts of \$11,417,941 and \$567,786 are included in the balance sheet of the governmental funds for the General Fund and other governmental funds (Police and Fire Pension Funds) as taxes receivable to reflect property taxes receivable as of December 31, 2021.

The assessed values of real public utility and tangible personal property upon which 2019 property tax receipts were based are as follows:

Property Types	Valuation
Real Property	\$ 1,038,657,990
Public Utility Property	10,382,200
Total Valuation	\$ 1,049,040,190

Income Taxes

The City levies a tax at the rate of 2 percent on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income earned outside the City; however, a 100 percent credit is allowed for income taxes paid to other municipalities with a limitation of 2 percent. The proceeds of the income tax, after payment of the expenditures of collection, are allocated by ordinance as follows: 8 percent to the Recreation Levy Special Revenue Fund, 29.33 percent to the Capital Projects Fund and 62.67 percent to the General Fund. The portion allocated to the Recreation Levy Fund and the Capital Projects Fund may be utilized for the acquisition of capital items or the payment of debt service thereon. The Municipal Income Tax Special Revenue Fund is consolidated with the General Fund for financial statement reporting purposes.

City of Cuyahoga Falls, Ohio

NOTE 4 – RECEIVABLES (CONTINUED)

On a full accrual basis, municipal income tax revenue for 2021 for the City was \$26,801,618. The amount of \$7,751,462 has been recorded in the General Fund as taxes receivable (net of refunds) to reflect income taxes receivable recorded as of December 31, 2021.

Employers within the City are required to withhold income tax on employee compensation, remit this tax to the Regional Income Tax Agency, on behalf of the City at least quarterly and file a declaration annually. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

The City passed legislation on April 23, 2018 to execute a contract with the Regional Income Tax Agency (RITA) for the purpose of administration and collection of municipal income taxes. This agreement became effective January 1, 2019.

Due From Other Governments

A summary of due from other governments follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Gasoline and Excise Tax	\$ 975,064
Local Government and Local Government Revenue Assistance	821,410
Homestead and Rollback	687,729
Regional Income Tax Agency	327,519
Ohio Department of Transportation	240,002
Gasoline Excise Tax - Added	230,819
Permissive Motor Vehicle License Tax	178,246
Motor Vehicle License Fees	164,803
EMS Transport Fees	70,363
License Surtax - Addition	56,296
Bureau of Workers' Compensation	52,545
Other Agencies	32,493
Boston Township - City of Cuyahoga Falls JEDD	29,403
Federal Grants	26,447
Treasurer State of Ohio Net Profit Opt-in	16,777
Enhanced 9-1-1 Wireless Distribution	13,285
Other State Grants and Reimbursements	5,567
Total Governmental Activities	<u>\$ 3,928,768</u>
<u>Business-type Activities</u>	<u>Amounts</u>
Utilities Charges	\$ 125,062
Other Agencies	5,140
Total Business-Type Activities	<u>\$ 130,202</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Practices

The Charter of the City of Cuyahoga Falls specifies the Finance Director is responsible for the safekeeping and investment of all public funds. It is also the Finance Director's responsibility to deposit and invest the City's idle funds. Periodically, the Finance Director consults with the other members of the Treasury Investment Board (Mayor and Law Director) concerning investment decisions.

The deposit and investment of City monies is governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. In accordance with the provisions of these items, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. These provisions restrict the investment of the City's monies to certificates of deposit, savings accounts, money market accounts, the State Treasurer's investment pool, obligations of the United States government or certain agencies thereof and certain industrial revenue bonds issued by other governmental entities, and repurchase agreements with any eligible depository for a period not exceeding thirty days. The City's practice is to limit investments to U.S. Treasury Notes and Bills, collateralized certificates of deposit and repurchase agreements, insured and/or collateralized demand deposit accounts or obligations of other U.S. agencies.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation or may participate in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the City's name.

During 2021, the City believes it has complied with these statutes pertaining to the types of investments held and institutions in which deposits were made. The City was also in compliance with the provisions of the statutes concerning security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

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

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

1. Government securities

- Negotiable obligations of the U.S. Treasury, insofar as each investment complies with the City's Investment and Deposit policy criteria such as final maturity, delivery, etc.:
- Direct Obligations of the U.S. Treasury
 - i. Treasury Bills
 - ii. Treasury Notes
- Investment-grade obligations of the State of Ohio, or any municipal corporation, county, township or other political subdivisions of the State of Ohio rated in not less than the second highest rating category by a nationally recognized rating agency with respect to such bonds or notes as to which there is no default of principal, interest or coupons.

2. Nonnegotiable Interest Bearing Time Certificate of Deposit and Savings Accounts

- Nonnegotiable Interest Bearing Time Certificates of Deposit and savings accounts only in commercial banks organized under the laws of this State, national banks organized under the laws of the United States, doing business in and situated in or operating a full service branch office within the boundaries of the City of Cuyahoga Falls, provided that any such deposits and savings accounts are secured by collateral as prescribed in Section 15 of the Investment and Deposit Policy.

3. Star Ohio

- The State Treasury Asset Reserve of Ohio (Star Ohio) is an authorized investment, subject to the diversification requirements set forth in section 11 of the City's Investment and Deposit policy.

4. Now Accounts (Interest Bearing Negotiable Order of Withdrawal Accounts)

- NOW accounts, Super NOW accounts, or any other similar account authorized by the Federal Reserve's Depository Institutions Deregulation committee, provided that such accounts are secured by collateral as prescribed herein.

5. City of Cuyahoga Falls, Ohio Notes and Bonds

- Any obligation of the City of Cuyahoga Falls, Ohio, without regard to term-to-maturity or interest rate, is an authorized investment instrument.

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. Historically, the City has not purchased these types of investments or issued these types of investments or issued these types of notes. An investment must mature in five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end the carrying amount of the City's deposits was \$10,873,191 and the bank balance was \$11,145,783. Of the bank balance, \$272,592 was covered by Federal depository insurance and \$10,645,783 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or Federal Reserve, but not in the City's name. The City has petty cash on hand of \$9,635 as of December 31, 2021. As of December 31, 2021, the City had \$663,954 of unspent capital lease proceeds held in escrow. See note 11 for further details.

At year-end, the carrying amount of the Community Improvement Corporation of Cuyahoga Falls, a component unit, deposits were \$16,748 and the bank balance was \$16,748. Information regarding the collateralization of the Community Improvement Corporation of Cuyahoga Falls can be obtained from the corporation's compilation report.

Investments

Fair value is determined by quoted market prices and acceptable other pricing methodologies. 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. STAR Ohio is reported at its share price (net asset value per share). The City's remaining 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). The chart below identifies the City's recurring fair value measurements as of December 31, 2021.

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

	Measurement Amount	Credit Rating (*)	Maturity In Years		Fair Value Hierarchy
			< 1 Year	> 1 Year	
Net Asset Value (NAV) Per Share STAR Ohio	\$45,166,830	Aaam**	\$45,166,830	\$0	N/A
Fair Value:					
United States Treasury Note	11,503,402	Aaa*	0	11,503,402	Level 1
Negotiable Certificates of Deposit	15,709,852		4,511,650	11,198,202	Level 1
Total	<u>\$72,380,084</u>		<u>\$49,678,480</u>	<u>\$22,701,604</u>	

* Ratings obtained from Moody's

** Ratings obtained from S&P

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments.

Credit Risk

The credit risk of the City's investments are displayed. The City has no investment policy that would further limit its investment choices.

City of Cuyahoga Falls, Ohio

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The United States Treasury Note is not exposed to custodial credit risk, and the City's investment in negotiable certificates of deposit is fully insured by the FDIC, and not exposed to credit risk. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Concentration of Credit Risk

Concentration of credit risk is defined by the Governmental Accounting Standards Board as having five percent more invested in the securities of a single issuer. The City's investment policy places a limit on the amount it may invest in the State of Ohio Treasurer's Investment Pool (STAR Ohio), of no more than 75 percent of all deposits. The following is the City's risk allocation of deposits and investments as of December 31, 2021.

Type	Percentage of Total
Deposits	13.11%
STAR Ohio	54.22%
United States Treasury Note	13.81%
Negotiable Certificates of Deposit	18.86%
Total	100.00%

NOTE 6 – CAPITAL ASSETS

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

	<u>Balance 1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance 12/31/2021</u>
Governmental Activities					
<i>Capital Assets Not Being Depreciated</i>					
Land	\$ 12,651,011	\$ -	\$ -	\$ -	\$ 12,651,011
Construction In Progress	4,650,834	4,350,064	(12,444)	(438,420)	8,550,034
<i>Total Capital Assets Not Being Depreciated</i>	17,301,845	4,350,064	(12,444)	(438,420)	21,201,045
<i>Capital Assets Being Depreciated</i>					
Buildings	42,330,036	649,273	-	-	42,979,309
Improvements	9,678,025	4,732,395	-	-	14,410,420
Machinery and Equipment	35,369,911	2,845,677	(1,617,320)	3,352	36,601,620
Infrastructure					
Roads	87,108,171	1,377,280	(4,517,060)	-	83,968,391
Traffic Signals	368,628	127,494	-	-	496,122
Bridges	10,749,255	-	-	-	10,749,255
<i>Total Capital Assets Being Depreciated</i>	185,604,026	9,732,119	(6,134,380)	3,352	189,205,117
<i>Less Accumulated Depreciation</i>					
Buildings	(16,830,544)	(1,328,216)	-	-	(18,158,760)
Improvements	(2,916,811)	(294,213)	-	-	(3,211,024)
Machinery and Equipment	(24,085,766)	(2,388,320)	1,535,325	(1,825)	(24,940,586)
Infrastructure					
Roads	(31,932,070)	(2,127,079)	-	-	(34,059,149)
Traffic Signals	(242,689)	(20,586)	-	-	(263,275)
Bridges	(3,435,863)	(205,606)	-	-	(3,641,469)
<i>Total Accumulated Depreciation</i>	(79,443,743)	(6,364,020)	1,535,325	(1,825)	(84,274,263)
<i>Total Capital Assets Being Depreciated, Net</i>	<u>106,160,283</u>	<u>3,368,099</u>	<u>(4,599,055)</u>	<u>1,527</u>	<u>104,930,854</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 123,462,128</u>	<u>\$ 7,718,163</u>	<u>\$ (4,611,499)</u>	<u>\$ (436,893)</u>	<u>\$ 126,131,899</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 1,263,186
Security of Persons and Property	1,516,446
Community Environment	82,823
Leisure Time Activities	554,810
Street Maintenance	2,938,858
Garage	7,897
Grand Total	<u>\$ 6,364,020</u>

City of Cuyahoga Falls, Ohio

NOTE 6 – CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>1/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance</u> <u>12/31/2021</u>
Business-Type Activities					
<i>Capital Assets Not Being Depreciated</i>					
Land	\$ 3,589,128	\$ -	\$ -	\$ -	\$ 3,589,128
Construction In Progress	<u>3,362,986</u>	<u>959,339</u>	<u>-</u>	<u>(3,504,241)</u>	<u>818,084</u>
<i>Total Capital Assets Not Being Depreciated</i>	6,952,114	959,339	-	(3,504,241)	4,407,212
<i>Capital Assets Being Depreciated</i>					
Buildings	40,002,594	126,334	-	-	40,128,928
Improvements	141,461,068	6,757,097	-	-	148,218,165
Machinery and Equipment	<u>19,129,799</u>	<u>1,693,286</u>	<u>(1,193,230)</u>	<u>(3,352)</u>	<u>19,626,503</u>
<i>Total Capital Assets Being Depreciated</i>	200,593,461	8,576,717	(1,193,230)	(3,352)	207,973,596
<i>Less Accumulated Depreciation</i>					
Buildings	(15,463,552)	(873,634)	-	-	(16,337,186)
Improvements	(68,847,481)	(3,847,916)	-	-	(72,695,397)
Machinery and Equipment	<u>(11,785,703)</u>	<u>(1,140,451)</u>	<u>1,070,531</u>	<u>1,825</u>	<u>(11,853,798)</u>
<i>Total Accumulated Depreciation</i>	<u>(96,096,736)</u>	<u>(5,862,001)</u>	<u>1,070,531</u>	<u>1,825</u>	<u>(100,886,381)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>104,496,725</u>	<u>2,714,716</u>	<u>(122,699)</u>	<u>(1,527)</u>	<u>107,087,215</u>
<i>Total Business-Type Capital Assets, Net</i>	<u><u>111,448,839</u></u>	<u><u>3,674,055</u></u>	<u><u>(122,699)</u></u>	<u><u>(3,505,768)</u></u>	<u><u>111,494,427</u></u>
Depreciation expense was charged to business-type activities as follows:					
Sewage and Disposal					\$ 828,875
Water					1,071,159
Electric					2,167,352
Sanitation					442,577
Leisure Time					992,731
Storm Drainage					<u>359,307</u>
Grand Total					<u><u>\$ 5,862,001</u></u>

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

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

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

The OPERS Board of Trustees approved a proposal at its October 2019 meeting to create a new tier of membership in the OPERS traditional pension plan. OPERS currently splits its non-retired membership into Group A, B or C depending on age and service criteria. Retirement Group D would consist of OPERS contributing members hired in 2022 and beyond. Group D will have its own eligibility standards, benefit structure and unique member features designed to meet the changing needs of Ohio public workers. It also will help OPERS address expected investment market volatility and adjust to the lack of available funding for health care. The date of implementation will be determined when finalized changes are approved.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the members' contributions plus or minus the investment gains or losses resulting from the members' investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

Funding Policy

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

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

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

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

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2021 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2021. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contributions was \$2,710,336 for fiscal year ending December 31, 2021. Of this amount, \$207,310 is reported as an intergovernmental payable.

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the members' base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$399,646 for 2021. Of this amount, \$9,307 is reported as an intergovernmental payable.

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

The net pension liability/asset for OPERS was measured as of December 31, 2020, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City’s proportion of the net pension liability/asset was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.132453%	0.140517%	0.2124997%	0.2988112%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.129614%	0.140407%	0.2039786%	0.3009719%	
Change in Proportionate Share	-0.002839%	-0.000110%	-0.0085211%	0.0021607%	
 Proportionate Share of the Net Pension Liability/(Asset)	 \$19,193,012	 \$ (405,304)	 \$13,905,406	 \$20,517,522	 \$53,210,636
Pension Expense	\$ 449,991	\$ 10,312	\$ 1,055,880	\$ 1,718,841	\$ 3,235,024

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Deferred Outflows of Resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 581,291	\$ 857,705	\$ 1,438,996
Changes of assumptions	-	25,309	233,202	344,090	602,601
Changes in proportion and differences between City contributions and proportionate share of contributions	411,283	9,288	339,861	676,872	1,437,304
City contributions subsequent to the measurement date	2,636,075	74,261	1,116,653	1,631,642	5,458,631
Total Deferred Outflows of Resources	\$ 3,047,358	\$ 108,858	\$ 2,271,007	\$ 3,510,309	\$ 8,937,532
Deferred Inflows of Resources					
Net difference between projected and actual earnings on pension plan investments	\$ 7,480,875	\$ 60,276	\$ 674,507	\$ 995,234	\$ 9,210,892
Differences between expected and actual experience	802,860	76,467	541,710	799,303	2,220,340
Changes in proportion and differences between City contributions and proportionate share of contributions	570,789	7,397	646,327	157,817	1,382,330
Total Deferred Inflows of Resources	\$ 8,854,524	\$ 144,140	\$ 1,862,544	\$ 1,952,354	\$12,813,562

\$5,458,631 reported as deferred outflows of resources related to pension resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	OP&F Fire	Total
Year Ending December 31:					
2022	\$ (3,184,765)	\$ (28,261)	\$ (80,565)	\$ 92,861	\$ (3,200,730)
2023	(1,188,737)	(17,675)	184,349	532,626	(489,437)
2024	(3,049,458)	(31,578)	(640,732)	(731,059)	(4,452,827)
2025	(1,020,281)	(14,500)	(141,716)	19,370	(1,157,127)
2026	-	(6,589)	(29,526)	12,515	(23,600)
Thereafter	-	(10,940)	-	-	(10,940)
Total	\$ (8,443,241)	\$ (109,543)	\$ (708,190)	\$ (73,687)	\$ (9,334,661)

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - OPERS

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 10.75 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The total pension asset in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 to 8.25 percent including wage inflation Pre 1/7/2013 retirees; 3 percent, simple Post 1/7/2013 retirees; 0.50 percent, simple through 2021, then 2.15 percent simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

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

The long-term 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.

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7 percent for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

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

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 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:

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability/(asset)	(6.20%)	(7.20%)	(8.20%)
Traditional Pension Plan	\$ 36,610,770	\$ 19,193,012	\$ 4,710,173
Combined Plan	\$ (282,218)	\$ (405,304)	\$ (497,041)

Changes Between Measurement Date and Report Date

Cost-of living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2020, are presented below:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
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

City of Cuyahoga Falls, Ohio

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
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.

<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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Domestic Equity	21.00 %	5.40 %
International Equity	14.00	5.80
Core Fixed Income *	23.00	2.70
U.S. Inflation Linked Bonds *	17.00	2.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Midstream Energy Infrastructure	5.00	6.60
Private Credit	5.00	5.50
Real Assets	8.00	7.40
Gold	5.00	1.90
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

* levered 2x

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

OP&F’s Board of Trustees has incorporated the “risk parity” concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 47,921,126	\$ 34,422,928	\$ 23,126,301

NOTE 8 – POST-EMPLOYMENT BENEFITS

Defined Benefit OPEB Plans

Net OPEB Liability/Asset

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

GASB 75 assumes that any liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. 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' Annual Comprehensive Financial Report referenced below for additional information.

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

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

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was no longer being funded.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS’ actuary, beginning January 1, 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$8,835 for 2021. Of this amount, \$2,375 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing, multiple-employer defined post-employment healthcare plan that provides various levels of health care to retired, disabled and beneficiaries, as well as their dependents. On January 1, 2019, OP&F changed the way it supports retiree health care. A stipend-based health care model has replaced the self-insured group health care plan that had been in place. A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses. As a result of this change, it is expected that the solvency of the Health Care Stabilization Fund (HCSF) will be extended allowing OP&F to provide stipends to eligible participants.

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

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

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

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$68,834 for 2021. Of this amount, \$4,732 is reported as an intergovernmental payable.

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

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.129055%	0.5113109%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	<u>0.126261%</u>	<u>0.5049505%</u>	
Change in Proportionate Share	<u>-0.002794%</u>	<u>-0.0063604%</u>	
Proportionate Share of the Net OPEB			
Liability/(Asset)	\$ (2,249,441)	\$ 5,350,033	\$ 3,100,592
OPEB Expense	\$ (13,615,971)	\$ 422,385	\$ (13,193,586)

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes of assumptions	\$ 1,105,850	\$ 2,955,603	\$ 4,061,453
Changes in proportion and differences between City contributions and proportionate share of contributions	256,651	165,934	422,585
City contributions subsequent to the measurement date	9,717	64,102	73,819
Total Deferred Outflows of Resources	<u>\$ 1,372,218</u>	<u>\$ 3,185,639</u>	<u>\$ 4,557,857</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 1,198,084	\$198,816	\$ 1,396,900
Differences between expected and actual experience	2,030,107	\$882,469	2,912,576
Changes of assumptions	3,644,768	\$852,894	4,497,662
Changes in proportion and differences between City contributions and proportionate share of contributions	365,376	435,166	800,542
Total Deferred Inflows of Resources	<u>\$ 7,238,335</u>	<u>\$ 2,369,345</u>	<u>\$ 9,607,680</u>

\$64,102 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Year Ending December 31:	OP&F
2021	\$ 140,182
2022	187,261
2023	113,035
2024	137,581
2025	92,585
Thereafter	81,548
Total	\$ 752,192

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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

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

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

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.50 percent for 2020.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS’ primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

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

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 2.00 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 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, 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 Asset to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
City's proportionate share of the net OPEB liability	\$ 10,891,438	\$ 9,830,547	\$ 8,936,475

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

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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	\$ 9,222,311	\$ 9,830,547	\$ 10,523,028

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions – OP&F

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

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

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

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

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased 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

City of Cuyahoga Falls, Ohio

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the 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 OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return **
Domestic Equity	21.00 %	5.40 %
Non-US Equity	14.00	5.80
Core Fixed Income *	23.00	2.70
U.S. Inflation Linked Bonds *	17.00	2.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Midstream Energy Infrastructure	5.00	6.60
Private Credit	5.00	5.50
Real Assets	8.00	7.40
Gold	5.00	1.90
Total	125.00 %	

Note: Assumptions are geometric

* levered 2x

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

NOTE 8 – POST-EMPLOYMENT BENEFITS (CONTINUED)

Discount Rate The total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$ 6,671,185	\$ 5,350,033	\$ 4,260,237

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

City of Cuyahoga Falls, Ohio

NOTE 9 - COMPENSATED ABSENCES

Vacation leave is earned at rates, which vary depending upon length of service and standard workweek. Currently City policy permits vacation leave to be accumulated up to three weeks per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned by substantially all full-time employees and a portion of such sick leave may be paid in cash upon termination, retirement, or death, if certain service requirements are met. Specific sick leave cash-outs are based on formulas contained in union contracts and/or ordinances as follows:

Cash-out Limits	Employee Class	Affiliation
100% of accumulated sick leave up to a maximum of 960 hours	Non-bargaining employees Patrol Officers Various government employees Electric employees Dispatchers	None Blue (OPBA)* American Federation of State, County, and Municipal Employees (AFSCME) Utility Workers of America Local #399 Fraternal Order of Police-Ohio Labor Council, Inc. (FOP-OLC)
100% of accumulated sick leave up to a maximum of 1,500 hours	Police Sergeants/Lieutenants Police Captains/Chief	Gold (OPBA)* None
60.00% of accumulated sick leave up to a maximum of 2,704 hours as of	Firefighters	International Association of Firefighters Local #494 (IAFF)

* OPBA: Ohio Patrolman’s Benevolent Association

Sick leave may be accumulated beyond these cash-out limits, but can only be used when employees are absent from work due to illness. Compensatory time is earned by substantially all regular non-management employees.

Compensatory time that is not used per union contracts and/or City ordinances is paid in cash to the appropriate employees in accordance with the Fair Labor Standards Act.

Employees who have qualified for a service pension (OPBA-Gold, OPBA-Blue, Dispatchers) or who are within three years of qualifying for a service pension (Non-bargaining, Utility Workers, Firefighters, AFSCME) are permitted to annually sell one-third of their accumulated sick leave hours, up to the maximum hours allowed for their employee class, during their last three years of employment with the City.

In compliance with union contracts, the City has established an Internal Service-Compensated Absence Fund to fund the sick leave and vacation cash out payments.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The City is involved in legal actions arising in the ordinary course of business. The City carries adequate insurance coverage for most risks including property damage, personal liability and estimates for any potential claims not covered by such insurance will not materially affect the City's results of operations or financial position.

B. Federal and State Grants

The City participates in state and federally assisted grant programs. The programs are subject to review and audit by the grantor agency or their representatives. It is not anticipated that any audit of federal or state grant programs, if conducted, would result in a material disallowance of grant expenditures. Therefore, no provision for possible refunds has been recorded.

C. Insurance Coverage

The City maintains a variety of liability insurance coverages with varying deductibles. Among these coverages are general liability with limits of \$2 million annually in the aggregate and \$1 million per occurrence, with a \$100,000 self-insurance retention, and property coverage with blanket limit per occurrence of \$167,904,176 with a deductible of \$10,000. In addition, the City has umbrella liability coverage with limits of \$10 million in the aggregate and \$10 million per occurrence.

D. Contingent Liabilities

The City is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The City's share was 50,000 kilowatts of a total 771,281 kilowatts, giving the City a 6.48 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them.

As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The City's estimated share at March 31, 2014 of the impaired costs is \$8,662,670. The City received a credit of \$2,484,523 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$2,261,243 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU). The City also made payments of \$907,079 leaving a net impaired cost estimate of \$3,009,825. Because payment is now probable and reasonably estimable, the City is reporting a payable to AMP in its business-type activities and in its Electric Enterprise Fund for these impaired costs. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the City's liability. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

City of Cuyahoga Falls, Ohio

NOTE 10 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Since March 31, 2014, the City has made payments of \$2,080,133 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the City's allocation of additional costs incurred by the project is \$106,535 and interest expense incurred on AMP's line-of-credit of \$235,665, resulting in a net impaired cost estimate at December 31, 2021 of \$1,271,892. The City does have a Potential PHFU Liability of \$2,545,613 resulting in a net total potential liability of \$3,840,034, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the City's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The City intends to these costs and repay AMP over the next 7½ years through a power cost adjustment, thus this incurred cost has been capitalized and reported as a regulated asset, as allowed by GASB Statement No. 62. Of this liability, the scheduled monthly payments for 2022, which total \$167,322, is considered the current portion.

E. Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 11 - CAPITAL LEASES

In addition to existing agreements to lease equipment, the City entered into three lease agreements in 2021: Vacall Sewer Truck Model AJV 1215 on June 25, 2021, in the amount of \$410,629, interest rate of 1.4% (Business-type Activities); Elgin Sweeper and Lubrication System on November 1, 2021, in the amount of \$297,062, interest rate of 1.7% (Governmental Activities); and Police Cruiser and Body Cameras on December 14, 2021, in the amount of \$366,892, interest rate of 1.79% (Governmental Activities). The latter two leases were not completed by December 31, 2021, therefore, \$663,954 was held in escrow, and recorded as Cash and cash equivalents – escrow in governmental activities in the Statement of Net Position. The City's lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the inception date for governmental activities and business-type activities in the Statement of Net Position. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2017 Vacall Sewer Jet Truck	\$ 0	\$ 372,000
2021 Vacall Sewer Jet Truck		\$ 410,629
Less: Accumulated Depreciation	(0)	\$ (202,095)
Total	<u>\$ 0</u>	<u>\$ 580,534</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2021, were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ 137,437	\$ 163,718
2023	137,437	163,718
2024	137,437	84,425
2025	137,437	84,425
Total	<u>549,748</u>	<u>496,286</u>
Less: Amount representing interest	<u>(23,231)</u>	<u>(18,994)</u>
Present value of minimum lease payments	<u>\$ 526,517</u>	<u>\$ 477,292</u>

NOTE 12 - SHORT-TERM OBLIGATIONS

A summary of the changes in the City's short-term obligations for the year ended December 31, 2021, was as follows:

General Obligation Bond Anticipation Notes	Balance January 1, <u>2021</u>	<u>Issued</u>	<u>Retired</u>	Balance December 31, <u>2021</u>
<u>Governmental Activities:</u>				
Capital Projects Fund Obligations:				
1.25% Various Purpose Notes, due 11/17/2021	\$ 1,225,000	\$ 0	\$ 1,225,000	\$ 0
1.00% Various Purpose Notes, due 11/10/2022	\$ 0	3,495,000	0	3,495,000
Total Governmental Activities	<u>\$ 1,225,000</u>	<u>\$ 3,495,000</u>	<u>\$ 1,225,000</u>	<u>\$ 3,495,000</u>
Grand Total	<u>\$ 1,225,000</u>	<u>\$ 3,495,000</u>	<u>\$ 1,225,000</u>	<u>\$ 3,495,000</u>

On November 10, 2021, the City issued notes in the amount of \$3,495,000 in anticipation of the issuance of bonds, for the purpose of improving the municipal public infrastructure in the proposed Woodlands Subdivision. The notes mature on November 10, 2022 and have a stated interest rate of 1.00 percent.

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS

The original issue date, maturity date, interest rate, and original issuance amount for each of the City's bonds follows:

	Original Issue Date	Maturity Date	Interest Rate	Original Issue Amount
<u>Business-type Activities:</u>				
Enterprise Fund Obligations				
<u>Bonds Payable</u>				
2001 Water Improvement ¹	08/01/2001	12/01/2021	3.25%-4.55%	\$ 5,175,000
2004 Recreation Improvement ²	04/08/2004	12/01/2024	2.00%-5.00%	8,000,000
2009 Various Purpose Refunding (Recreation) ³	10/14/2009	12/01/2037	2.00%-5.00%	8,040,000
2011 Various Purpose Refunding (2001 Water)	10/18/2011	12/01/2021	1.50%-3.00%	3,180,000
2012 Recreation Improvement Refunding	09/20/2012	12/01/2024	1.50%-2.50%	5,485,000
2016 Recreation Improvement Refunding	11/03/2016	12/01/2037	1.50%-4.00%	5,920,000
2018 Various Purpose Improvement Sewer System	08/07/2018	08/01/2033	2.92%	505,000
2020 Various Purpose Improvement Water System	11/17/2020	12/31/2040	1.00%-4.00%	1,260,000
<u>Governmental Activities:</u>				
<u>Bonds Payable</u>				
Other General Obligation Bonds:				
2015 Land Acquisition and Improvement Bonds	08/05/2015	12/01/2042	0.85%-4.85%	\$ 6,185,000
2018 Various Purpose Improvement - Street	08/07/2018	08/01/2033	2.92%	6,885,000
2018 Various Purpose Improvement - Parking				
Facilities	08/07/2018	08/01/2033	2.92%	3,780,000
2020 Various Purpose Improvement Fire Station	11/17/2020	12/31/2040	1.00%-4.00%	3,950,000

Notes:

¹ Issue was advanced refunded by the City, (2011 Various Purpose Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue. The balance of the defeased debt is \$385,000 as of December 31, 2020.

² Issue was advanced refunded by the City, (2012 Recreation Improvement Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue. The balance of the defeased debt is \$2,175,000 as of December 31, 2020.

³ Issue was advanced refunded by the City, (2016 Recreation Improvement Refunding) and it is being paid by escrow. City Funds are no longer making payment on this issue. The balance of the defeased debt is \$5,940,000 as of December 31, 2020.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the changes in the City's long-term obligations for the year ended December 31, 2021, was as follows:

	<u>Balance January 1, 2021</u>	<u>Issued 2021</u>	<u>Retired 2021</u>	<u>Balance December 31, 2021</u>	<u>Amount Due Within One Year</u>
Business-type Activities:					
<u>Enterprise Fund Obligations</u>					
<u>Bonds Payable</u>					
2011 Various Purpose Refunding (2001 Water)	\$ 350,000	\$ 0	\$ 350,000	\$ 0	\$ 0
2012 Recreation Improvement Refunding	2,105,000	0	510,000	1,595,000	520,000
2016 Recreation Improvement Refunding	5,445,000	0	235,000	5,210,000	240,000
2018 Various Purpose Improvement Sewer System	450,000	0	30,000	420,000	30,000
2020 Various Purpose Improvement Water System	1,260,000	0	45,000	1,215,000	50,000
Unamortized Bond Discount	(30,435)	0	(6,956)	(23,479)	0
Unamortized Bond Premium	987,162	0	83,165	903,997	0
Total Business-type Activities Bonds Payable	<u>10,566,727</u>	<u>0</u>	<u>1,246,209</u>	<u>9,320,518</u>	<u>840,000</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	223,044	410,629	156,381	477,292	154,179
Payable to AMP (Note 10, D)	1,528,237	13,190	269,535	1,271,892	167,322
Compensated Absences (Note 9)	2,249,115	185,630	187,874	2,246,871	474,764
Net Pension Liability: OPERS (Note 7)	12,697,414	920,207	4,309,011	9,308,610	0
Net Other Postemployment Benefits Liability (OPEB) (Note 8)	8,645,536	0	8,645,536	0	0
Total Business-type Activities Other Obligations	<u>25,343,346</u>	<u>1,529,656</u>	<u>13,568,337</u>	<u>13,304,665</u>	<u>796,265</u>
Total Business-type Activities	<u>\$ 35,910,073</u>	<u>\$ 1,529,656</u>	<u>\$ 14,814,546</u>	<u>\$ 22,625,183</u>	<u>\$ 1,636,265</u>
Governmental Activities:					
<u>Bonds Payable</u>					
<u>Other General Obligation Bonds:</u>					
2015 Land Acquisition and Improvement Bonds	\$ 5,500,000	\$ 0	\$ 160,000	\$ 5,340,000	\$ 165,000
2018 Various Purpose Improvement - Street	6,140,000	0	390,000	5,750,000	400,000
2018 Various Purpose Improvement - Parking Facilities	2,998,170	0	191,278	2,806,892	195,726
2020 Various Purpose Improvement Fire Station	3,950,000	0	145,000	3,805,000	150,000
Unamortized Bond Discount	(14,149)	0	(643)	(13,506)	0
Unamortized Bond Premium	560,258	27,890	41,823	546,325	0
Total Governmental Activities Bonds Payable	<u>19,134,279</u>	<u>27,890</u>	<u>927,458</u>	<u>18,234,711</u>	<u>910,726</u>
<u>Other Obligations</u>					
Capital Lease Obligations (Note 11)	0	663,954	137,437	526,517	128,224
Compensated absences (Note 9)	8,201,860	372,308	672,158	7,902,010	1,485,718
Claims and Judgments Payable (Note 15)	404,451	5,256,645	5,037,915	623,181	606,518
Net Pension Liability: OPERS (Note 7)	13,482,820	977,129	4,575,547	9,884,402	0
Net Pension Liability: OP&F (Note 7)	34,444,634	2,596,888	2,618,594	34,422,928	0
Net Other Postemployment Benefits Liability: OPERS (Note 8)	9,180,312	0	9,180,312	0	0
Net Other Postemployment Benefits Liability: OP&F (Note 8)	5,050,591	360,877	61,435	5,350,033	0
Net Other Postemployment Benefits Liability – City Defined Benefit Single Employer Plan (Note 19)	10,182,507	99,383	451,343	9,830,547	0
Total Governmental Activities Other Obligations	<u>80,947,175</u>	<u>10,327,184</u>	<u>22,734,741</u>	<u>68,539,618</u>	<u>2,220,460</u>
Total Governmental Activities	<u>\$ 100,081,454</u>	<u>\$ 10,355,074</u>	<u>\$ 23,662,199</u>	<u>\$ 86,774,329</u>	<u>\$ 3,131,186</u>

City of Cuyahoga Falls, Ohio

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

The above schedule of long-term obligations differs from liabilities reported on the government-wide statement of net position as a result of the compensated absences payable associated with business-type activities being included with the long-term liabilities of the governmental activities. The Compensated Absences Internal Service Fund is responsible for the payment of both governmental and business-type compensated absences liabilities. Since governmental activities are the primary user of the internal service fund, GAAP requires that the long-term liabilities of the internal service fund be reported among the governmental activities. A reconciliation of the schedule of long-term obligations to the statement of net position at December 31, 2021 were as follows:

	Governmental Activities	Business- Type Activities	<u>Total</u>
Long-term obligations per schedule on previous page	\$ 86,774,329	\$ 22,625,183	\$ 109,399,512
Consolidation of Compensated Absences Internal Service Fund into governmental activities	<u>2,246,871</u>	<u>(2,246,871)</u>	<u>-</u>
Long-term obligations on government-wide statement of net position	<u>\$ 89,021,200</u>	<u>\$ 20,378,312</u>	<u>\$ 109,399,512</u>

Of the \$2,246,871 of business-type compensated absences to be paid from the Compensated Absences Internal Service Fund (which is consolidated with the governmental activities on the statement of net position), \$474,764 is due within one year.

There is no repayment schedule for net pension liability, and net other postemployment benefits (OPEB) liability; however, employer pension and OPEB contributions for Governmental Activities are made from the General Fund, Street Construction, Maintenance and Repair Special Revenue Fund, Police Pension Special Revenue Fund, Fire Pension Special Revenue Fund, Community Development Block Grant Special Revenue Fund, Garage Internal Service Fund, and Self Insurance Internal Service Fund. Business-type contributions are made from the Sewer, Water, Electric, Sanitation, Leisure Time, and Storm Drainage Utility Enterprise Funds. For additional information related to the net pension liability and net OPEB liability see Notes 7, 8 and 19.

As of December 31, 2021, the City's legal debt margin (the ability to issue additional amounts of general obligation bonded debt without a vote of the electors) was \$46,104,207. Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2021 (excluding capital leases) are as follows:

Year	Business-type Obligations		Governmental Activities Obligations	
	Principal	Interest	Principal	Interest
2022	\$ 840,000	\$ 299,589	\$ 910,726	\$ 609,411
2023	860,000	275,613	939,623	585,484
2024	885,000	249,987	969,071	557,451
2025	345,000	224,586	993,520	531,377
2026	365,000	211,110	1,032,416	499,157
2027-2031	2,055,000	830,274	5,708,841	1,962,512
2032-2036	2,340,000	405,054	4,077,695	1,017,440
2037-2041	750,000	41,650	2,685,000	420,995
2042	<u>0</u>	<u>0</u>	<u>385,000</u>	<u>18,673</u>
Total	<u>\$ 8,440,000</u>	<u>\$ 2,537,863</u>	<u>\$ 17,701,892</u>	<u>\$ 6,202,500</u>

All general obligation bonds and notes issued by the City are backed by its full faith and credit. This includes the general property taxing power permitted within the tax limitation of the City Charter.

NOTE 14 - INTERFUND TRANSFERS AND BALANCES

A. Transfers

As of December 31, 2021, interfund transfers were as follows:

Transfers Out	Transfers In		Total
	Nonmajor Governmental Funds	Leisure Time Fund	
General Fund	\$ 2,779,000	\$ 280,732	\$ 3,059,732
Nonmajor Governmental Funds			-
Internal Service Funds			-
Total	\$ 2,779,000	\$ 280,732	\$ 3,059,732

The General Fund transfers to the Capital Projects Fund, Nonmajor Governmental Funds and the Leisure Time Fund were made to provide additional resources.

As of December 31, 2021, net transfers on the Statement of Activities is as follows:

	Leisure Time Additional Resources	Total Statement of Activities Transfers
Governmental Activities Transfer Out	\$ (280,732)	\$ (280,732)
Business-type Activities Transfer In	\$ 280,732	\$ 280,732

City of Cuyahoga Falls, Ohio

NOTE 14 - INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Balances

Interfund balances represent utilities, workers' compensation contributions, and internal charges owed between funds at year-end.

Interfund balances, including advances, at December 31, 2021 are as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Government Funds</u>		
General Fund	\$ 92,716	\$ 73,363
Special Revenue Funds:		
Street Construction, Maintenance and Repair	0	8,599
Recreation Levy	<u>80,000</u>	<u>2,729</u>
	<u>80,000</u>	<u>11,328</u>
Capital Projects	<u>16,516</u>	<u>1,168</u>
Total Governmental Funds:	<u>189,232</u>	<u>85,859</u>
 <u>Proprietary Funds</u>		
Enterprise Funds:		
Sewage and Disposal	41,879	80,874
Water	0	206,751
Electric	474,643	3,886
Sanitation	12,698	58,823
Leisure Time	0	284,538
Storm Drainage Utility	<u>21,706</u>	<u>16,516</u>
	<u>550,926</u>	<u>651,388</u>
Internal Service Funds:		
Garage	<u>0</u>	<u>2,911</u>
	<u>0</u>	<u>2,911</u>
Total Proprietary Funds	<u>550,926</u>	<u>654,299</u>
Total All Funds	<u>\$ 740,158</u>	<u>\$ 740,158</u>

NOTE 15 - RISK MANAGEMENT

It is the policy of the City to purchase commercial insurance for the risk of losses in the following areas: comprehensive general liability, auto liability, property and boiler, law enforcement professional liability, umbrella excess liability and public officials' errors and omissions. The City believes in minimizing its risk through the procurement of the aforementioned coverages. These policies maintain the same level of coverage that was provided in previous years.

Liabilities exceeding the umbrella excess liability amount and deductible amounts are recorded when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Management believes that incurred, but not reported claims, if any, are immaterial. Settlements for the past three fiscal years have not exceeded the insurance coverage/policy limits during those years.

A. Self -Insurance Internal Service Fund

On April 1, 2007, the City changed healthcare coverage to Medical Mutual of Ohio (MMO). In 2020, MMO remained the third party administrator for claims, network access, and stop-loss insurance coverage. Claims are fully paid by the City for full-time employees and COBRA participants through the City's Self-Insurance Internal Service Fund, which provides funding for health-care coverage. MMO reviews all claims in accordance with the Summary Plan Description and claims are then paid by the Self-Insurance Fund. For the fiscal coverage year January 1, 2016 through December 31, 2020, the City has purchased specific stop-loss coverage at \$250,000 per person.

The Self-Insurance Fund generates revenues by charging an actuarially determined premium to each fund based on the number of full-time employees and COBRA participants enrolled for health-care coverage. In 2020, City employees were offered more four (4) health care plan options, including a high-deductible health plan with a Health Savings Account (HSA).

Employee contributions are a percentage of budgeted health care costs. The budgeted health care costs include all costs in the self-insurance fund budget with the exception of dental and vision costs. In the event that budgeted health care costs, based on the City's health care consultant, are projected to increase by 10 percent or more, the Health Care Committee shall implement cost containment measures to keep budgeted health care cost increases at or below 10 percent per year. The Self-Insurance Fund pays all claims, stop-loss coverage and administrative fees for health-care coverage. A liability, in the amount of \$606,094 has been recorded to reflect the outstanding claims as of December 31, 2021. Most health insurance claims are presented for payment to the City within several months after services are rendered.

B. Workers' Compensation Internal Service Fund

As a result of the Ohio Bureau of Workers' Compensation (BWC) decision to change from retrospective to prospective premium charges in 2016, the City dropped out of the Individual Retrospective Rating Plan and joined the Ohio Municipal League Group Retrospective-Rating Plan effective January 1, 2015.

Under the Individual Retrospective Rating Plan, the City pays all claim-related expenses on an annual basis, for a period of ten years from the date of injury. At the tenth year, the BWC actuarially determines the expected future cost (reserve) of all active ten-year-old claims and bills the City. The BWC then assumes all future liability for those claims. Due to the switch to Group, the City's liability under the Individual rating plan ends 12/31/2023.

For 2021, the workers' compensation premium paid by the City was \$319,863 and the total retroactive claims credit (2011 and 2014) was \$45,559 for a total of \$365,411. For 2022, the estimated premium is \$396,498.

City of Cuyahoga Falls, Ohio

NOTE 15 - RISK MANAGEMENT (CONTINUED)

As a participant in the Group Retrospective Rating Plan, the City is eligible to receive annual evaluation rebates. In 2021, the City received a \$7,282 rebate for the third evaluation for plan year 2017, and a dividend of \$471,658 for 100% of plan year 2019 premium. In 2022, the City will receive a third evaluation rebate for plan year 2019, a second evaluation rebate for plan year 2020, and a first evaluation for plan year 2021.

Participation in the Ohio Municipal League Group plan allows the risk to be spread over multiple organizations. Active management of each claim, from inception, also offers the City the opportunity to reduce the cost of each claim, thereby reducing the City's cost.

The City's Workers' Compensation Internal Service Fund pays for all claims, claim reserves and administrative costs of the program. The Workers' Compensation Internal Service Fund is allocated investment revenue based on City Ordinance. The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year.

	2019		2020		2021	
	Self-Insurance	Workers' Compensation	Self-Insurance	Workers' Compensation	Self-Insurance	Workers' Compensation
Unpaid claims-January 1	\$ 273,694	\$ 110,128	\$ 504,464	\$ 27,647	\$ 358,892	\$ 45,559
Incurred claims (including IBNRs)	6,061,195	6,280	5,272,660	19,013	5,239,558	17,087
Claim payments made during the year	(5,830,425)	(88,761)	(5,418,232)	(1,101)	(4,992,356)	(45,559)
Unpaid claims-December 31	\$ 504,464	\$ 27,647	\$ 358,892	\$ 45,559	\$ 606,094	\$ 17,087

NOTE 16 - INVESTMENTS IN JOINT VENTURES

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

The City of Cuyahoga Falls is a Financing Participant and an Owner Participant with percentages of liability and ownership of 9.52 percent and 7.46 percent respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement (Agreement), the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the Agreement.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Distributive Generation Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. Under the terms of the Agreement each Financing Participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV2 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021, the City of Cuyahoga Falls has met its debt coverage obligation.

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership bases. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. During 2001, AMP issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2021, the outstanding debt was \$0. The City's net investment in OMEGA JV2 was (\$39,164) at December 31, 2021. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

C. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 16.67 percent, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Also pursuant to the Agreement, each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021, Cuyahoga Falls has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25 percent of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

City of Cuyahoga Falls, Ohio

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The City's net investment and its share of operating results of OMEGA JV5 are reported in the City's electric fund (an enterprise fund). The City's net investment to date in OMEGA JV5 was \$497,981 at December 31, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

D. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The City of Cuyahoga Falls is a Financing Participant with an ownership percentage of 25.00 percent, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green, Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021, Cuyahoga Falls has met its debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25 percent of such non-defaulting Participant's Project share ("Step Up Power").

NOTE 16 - INVESTMENTS IN JOINT VENTURES (CONTINUED)

OMEGA JV6 is managed by American Municipal Power, Inc., which acts as the joint venture’s agent. On July 30, 2004 AMP issued \$9,861,000 adjustable rate bonds that mature on August 15, 2019. The interest rate on the bonds will be set every six months until maturity. No fixed amortization schedule exists. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project. On August 15, 2015 the remaining balance was paid on the OMEGA JV6 Bonds.

The City’s net investment and its share of operating results of OMEGA JV6 are reported in the City’s electric fund (an enterprise fund). The City’s net investment to date in OMEGA JV6 was \$989,875 at December 31, 2021. Complete financial statements for OMEGA JV6 may be obtained from AMP or from the State Auditor’s website at www.auditor.state.oh.us.

NOTE 17 – OTHER COMMITMENTS

Construction Commitments

As of December 31, 2021, the City had the following significant commitments with respect to projects requiring capital expenditures:

<u>Capital Project</u>	<u>2021 Remaining Construction Contract</u>	<u>Expected Date of Completion</u>
2021 Ford E450 Braun Chief XL Ambulance	\$ 227,987	2022
Mud Brook Greenway Trail Phase I	\$ 531,745	2022
West Portage Trail Design	\$ 274,580	2022
Abandoned Gas Station Cleanup 1704 Front Street	\$ 250,000	2022
1816 Front Street Acquisition (PARCEL #02-12842)	\$ 300,000	2022
Police Vehicle and Body Cameras	\$ 366,892	2022
Elgin Whirlwind Street Sweeper	\$ 297,065	2022
12.5 KV System Upgrade	\$ 1,083,758	2022
Cuyahoga River Slope Repairs	\$ 338,225	2022

Encumbrances

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the City’s commitments for encumbrances in governmental funds were as follows:

<u>Fund</u>	<u>Amount</u>
General	\$ 253,170
Capital Projects Fund	0
Other Governmental	<u>718,591</u>
Total Governmental Funds	<u>\$ 795,180</u>

City of Cuyahoga Falls, Ohio

NOTE 18 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and / or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds in accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The constraints placed on fund balance for the major governmental funds and all other governmental funds are in the following presentation:

Fund Balances	General Fund	Local Fiscal Recovery Special Revenue	Capital Projects	Other Governmental Funds	Total
<i>Nonspendable</i>					
Inventory of supplies	\$ 116,787	\$ -	\$ -	\$ 538,163	\$ 654,950
Prepaid items	198,514	-	-	28,627	227,141
Cemetery perpetual care	-	-	-	252,341	252,341
<i>Total nonspendable</i>	315,301	-	-	819,131	1,134,432
<i>Restricted for</i>					
Development federal programs	19,326	-	-	2,689,522	2,708,848
Debt service reserves	-	-	-	69,272	69,272
Streets and highways	-	-	-	1,925,222	1,925,222
Police pension	-	-	-	-	-
Fire pension	-	-	-	-	-
Parks and recreation improvements	-	-	-	1,719,450	1,719,450
Enterprise zone / community reinvestment area	-	-	-	101,309	101,309
Other law enforcement	-	-	-	377,349	377,349
Capital improvements and related debt	-	-	484,506	-	484,506
Tax increment finance district area uses	-	-	-	960	960
Coronavirus State and Local Fiscal Recovery Funds	-	1,141	-	-	1,141
<i>Total restricted</i>	19,326	1,141	484,506	6,883,084	7,388,057
<i>Committed to</i>					
In lieu of public site subdivision regulations	-	-	311,400	-	311,400
Urban renewal area	-	-	-	1,728	1,728
<i>Total committed</i>	-	-	311,400	1,728	313,128
<i>Assigned to</i>					
Outstanding encumbrances:					
Security of persons and property	199,719	-	-	-	199,719
Leisure time activities	21,527	-	-	-	21,527
Community environment	4,278	-	-	-	4,278
General Government	27,646	-	-	-	27,646
Fiscal year 2022 appropriations	1,557,313	-	-	-	1,557,313
<i>Total assigned</i>	1,810,483	-	-	-	1,810,483
Unassigned	20,479,510	-	-	(39,328)	20,440,182
Total fund balances	\$ 22,624,620	\$ 1,141	\$ 795,906	\$ 7,664,615	\$ 31,086,282

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN

Net OPEB Liability

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

The net OPEB liability represents the actuarial present value of projected benefit payments attributable to past periods of service. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The City has control over the benefit terms through Council approved ordinances and is financed through the City’s Self-Insurance Fund; however, the City received the benefits of retiree’s services for the required number of years and the retirees have reached the eligible age that requires the City to provide this OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions comes solely and directly from the City for enrollee’s health care reimbursements and life insurance premiums are paid directly to the insurer on behalf of the cover retiree. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable.

Plan Description

The City provides post-employment health care and life insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through council-approved ordinance. The activity of the plan is reported in the City’s Self-Insurance.

Benefits Provided

The City provides post-employment health care and life insurance benefits (OPEB) to its retirees. In order to be eligible for the benefit, retiree must meet one of the following criteria:

General Employees: General employees hired prior to January 1, 2004 are eligible for City’s explicit subsidy at the earlier of:

1. Age 60 with 20 years of service; or
2. 30 years of service

General employees hired on/after January 1, 2004 are not eligible for City’s explicit subsidy.

Police Officers: Police officers hired prior to April 1, 2006 are eligible for City’s explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Police officers hired on/after April 1, 2006 are not eligible for City’s explicit subsidy.

City of Cuyahoga Falls, Ohio

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN (CONTINUED)

Firefighters: Firefighters hired prior to February 1, 2006 are eligible for City’s explicit subsidy at the earlier of:

1. Age 48 with 25 years of service; or
2. Age 62 with 15 years of service

Firefighters hired on/after February 1, 2006 are not eligible for City’s explicit subsidy.

Electric Union: Electric Union employees hired prior to April 1, 2009 are eligible for the City’s explicit subsidy at the earlier of:

1. Age 60 with 20 years of service; or
2. 30 years of service

Electric Union employees hired on/after April 1, 2009 are not eligible for City’s explicit subsidy.

Spouse Benefit: The City’s Explicit subsidy will continue to surviving spouses of retirees actively enrolled in the City’s Explicit subsidy program, provided that the surviving spouse is enrolled in a health care plan eligible for reimbursement through a health reimbursement arrangement plan offered by the State of Ohio at retirement. The explicit subsidy will revert to a retiree explicit subsidy.

Retiree Cost Sharing: There is no retiree cost-sharing for the health care or life insurance benefits.

Health Care Benefit: All City employees enrolled in a health care plan eligible for reimbursement through a health reimbursement arrangement plan offered by the State of Ohio at retirement.

Life Insurance: Retirees, regardless of hire date, receive the following life insurance benefits that are fully subsidized by the City. All employees meeting the retirement eligibility above are eligible for this benefit.

Group	Life Insurance
Electric	\$ 4,000
Dispatch/FOP Gold	7,000
FOP Blue	9,000
Firefighters, AFSCME, Non-Union	10,000

Explicit Subsidy: For a select group of employees, the City reimburses:

1. A fixed dollar amount to reimburse retirees for their contributions paid into the State Health Plan (Premium Reimbursement Subsidy)
2. Up to fixed dollar amount for co-payments and deductibles that vary by employee group (Co-pay and Deductible Subsidy)

General Employees: Retired general employees receive one reimbursement amount that will cover both reimbursements

regardless of coverage level. This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased.

The annual reimbursement amount effective January 1, 2022 is \$4,656.82 for retirees who have single or family coverage level. The reimbursement is increased 5.0% per year.

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN (CONTINUED)

Police Officers:

The 2022 annual subsidy amounts for police officers are as shown below:

	Premium Reimbursement		Co-pay and Deductible
	<u>< 65</u>	<u>65+</u>	<u>All ages</u>
Retiree	\$ 2,716.99	\$ 2,430.51	\$ 400
Spouse	\$ 4,096.42	\$ 4,296.55	N/A*

* The co-payment and deductible subsidy is the same for retirees with single or family coverage.

This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased.

Firefighters:

The 2022 annual subsidy amounts for firefighters are as shown below:

	Premium Reimbursement		Co-pay and Deductible
	<u><65</u>	<u>65+</u>	<u>All Ages</u>
Firefighters who retired prior to 2006			
Retiree	Varies, with healthcare plan selected and		unlimited
Spouse	OP&F stipend		
Firefighters who retired on/after 2006			
Retiree	\$ 2,716.99	\$ 2,716.99	\$700
Spouse	\$ 4,096.42	\$ 4,096.42	N/A*

* The co-payment and deductible subsidy is the same for retirees with single or family coverage.

This benefit is payable until the younger of the retiree or spouse turns 65. This benefit will continue to a surviving spouse of retired or active employee eligible to retire until the date the benefit would have ceased.

As of December 31, 2020, the City had 759 participants. Of that number, 408 were active employees and 351 were retirees and dependents that were currently receiving the post-employment mentioned above. In addition, there are two surviving spouses without life insurance that are currently not enrolled in a state of Ohio medical plan. It is assumed that they will not be rejoining the plan in the future and were excluded from the valuation.

Funding Policy

The City’s annual contributions to the plan are made as a pay-as-you-go cash basis. The City’s contractually required contributions were \$451,343 for 2021. The plan does not require matching contributions from employees during their period of employment.

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

City of Cuyahoga Falls, Ohio

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN (CONTINUED)

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of January 1, 2021, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The City's net OPEB liability was based on the aforementioned actuarial valuation. Following is information related to the Net OPEB Liability and OPEB expense:

	<u>OPERS</u>
Proportionate Share of the Net OPEB Liability	\$ 9,830,547
OPEB Expense	\$ (389,006)

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

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes of assumptions	\$ 1,398,216
Total Deferred Outflows of Resources	<u>\$ 1,398,216</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 1,042,552
Changes of assumptions	289,468
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>61,737</u>
Total Deferred Inflows of Resources	<u>\$ 1,393,757</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Year Ending December 31:	
2022	\$ (135,589)
2023	(135,593)
2024	207,011
2025	89,892
2026	<u>(21,262)</u>
Total	<u>\$ 4,459</u>

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN (CONTINUED)

Actuarial Assumptions

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 the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC’s of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the OPEB and plan members. The total OPEB liability was determined by an actuarial valuation as of January 1, 2021, rolled forward to the measurement date of December 31, 2021. 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:

Discount Rate	2.25 Percent
Annual Wage Inflation	3.25 Percent
Inflation Rate	3.25 Percent
Actuarial Cost Method	Entry Age Normal
Funding Policy	Pay-as-you-go
Annual Health Care Trend Rates	5.00 Percent

Mortality for healthy participants is based on the SOA RPH-2018 Total Dataset Mortality Table full generational using Scale MP-2018 (RPH-2018 table is created based on RPH-2014 mortality tables with 8 years of MP-2014 mortality improvement backed out, projected to 2018 using MP-2018 improvement. No disabilities are assumed for the active population.

The health care coverage election rate is considered to 100 percent for active employees with current coverage and 0 percent for active employees with no coverage. Inactive employees with current coverage the election rate is 100 percent and inactive employees with no coverage is 0 percent.

For current retirees, the actual elections as reported are used. Husbands are assumed to be two years older than wives for male employees and three years older for female employees.

Discount Rate

The total OPEB liability was calculated using the discount rate of 2.25 percent. Since the plan is funded by a “pay-as-you-go” system, the 20-year AA rated municipal bond rate was used as both the discount rate.

Sensitivity of the City's Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.25 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.25 percent), or one percentage point higher (3.25 percent) than the current rate.

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
City's proportionate share of the net OPEB liability	\$ 10,891,438	\$ 9,830,547	\$ 8,936,475

City of Cuyahoga Falls, Ohio

NOTE 19 – DEFINED BENEFIT SINGLE EMPLOYER OPEB PLAN (CONTINUED)

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

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 9,222,311	\$ 9,830,547	\$ 10,523,028

Changes in the Net OPEB Liability

The following tables represent the changes in the Net OPEB Liability during the measurement period based on actuarial valuation date of January 1, 2021:

<u>Reconciliation of Total OPEB Liability</u>	
1/1/20 Net OPEB Liability	\$ 10,182,507
Service Cost	213,890
Interest Cost	215,644
Contributions	(451,343)
New Inflow - experience	(202,564)
New Inflow - assumptions	(127,587)
12/31/21 Net OPEB Liability	<u>\$ 9,830,547</u>

<u>Reconciliation of Fiduciary Net Position</u>	
1/1/21 Fiduciary Net Position	\$ -
Employer Contributions	(451,343)
Total Benefits paid	451,343
12/31/21 Fiduciary Net Position	<u>\$ -</u>

<u>Net OPEB Liability</u>	
Total OPEB Liability	\$ 9,830,547
Fiduciary Net Position	-
Net OPEB Liability	<u>\$ 9,830,547</u>

Due to the plan using the pay-as-you-go method, there will be no Fiduciary Net Position.

NOTE 20 – JOINTLY GOVERNED ORGANIZATIONS

Boston Township-City of Cuyahoga Falls Joint Economic Development District (District)

The City of Cuyahoga Falls entered into a contractual agreement with Boston Township on March 1, 2004 to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the City, the Township and the District. The District is directed by a six member Board of Directors, in which two members representing the City are appointed by the Mayor; two members representing the Township are appointed by the Township trustees; one member representing active businesses within the District, who shall be a resident of the Township, is appointed by the Township Trustees and one member representing the employees of active businesses within the District, who shall be a City resident is appointed by the Mayor. The territorial boundaries of the District is located in the Township and known as being a part of Township lots 7, 8 and 9. The agreement requires the Board of Directors of the District to impose an income tax equal to 2 percent of gross taxable income of persons working in the District, with said tax to increase or decrease to remain consistent with the Cuyahoga Falls income tax. Income tax revenues in excess of those provided to the District shall be paid or credited each quarter by the City's Tax Administrator without need of further action by the Treasurer of the Board in the following manner: forty Percent of that amount to be paid or credited to the Township and the remaining sixty Percent of that amount to be paid or credited to the City. The District distributes the income tax receipts to the City and Township in the month subsequent to receipt collection.

The revenues of that income tax shall be used for the purpose of the District and the contracting parties pursuant to the District's contract and may be used for any purpose not prohibited by law. The City is the fiscal agent for the District. Upon termination of the contract, any property, assets and obligations of the District shall be divided equally between the City and the Township; provided that the District shall first use any property or assets to reduce or settle any obligations of the District.

Akron Metropolitan Area Transportation Study

The City participates in the Akron Metropolitan Area Transportation Study (AMATS). The basic mission of AMATS is to provide quality transportation planning for an effective and efficient transportation system. The Akron metropolitan area includes Summit and Portage counties and a portion of Wayne County. AMATS is led by the AMATS Transportation Policy Committee. The City is a member of the 46 member Policy Committee that is responsible for the preparation of regional transportation policies, plans and programs that meet the areas present and future needs. In 2021, the City contributed \$9,850 to the Akron Metropolitan Area Transportation Study, which represents the City's formula share.

NOTE 21 – TAX ABATEMENT DISCLOSURES

The establishment of Community Reinvestment Areas gives the City the ability to attract, retain and expand businesses located in the City. Residential abatements are provided to encourage investment in certain areas of the City where repair of existing structures or construction of new structures has been discouraged.

Pursuant to the Ohio Revised Code Chapter 5709, the City established three (3) Community Reinvestment Areas. The areas were created after 1994. The City provides both commercial and residential abatements under certain circumstances outlined in the legislation.

The City authorizes business incentives through passage of public ordinances, based upon investment criteria and through a contractual application process. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvement(s). The City of Cuyahoga Falls offers businesses CRA property tax abatements based upon a project investment of at least \$250,000 and the creation or retention of jobs. The City also compensates, under certain circumstances, the various school districts for revenues lost due to tax exemptions as required by 5709.82 of the Ohio Revised Code.

City of Cuyahoga Falls, Ohio

NOTE 21 – TAX ABATEMENT DISCLOSURES (CONTINUED)

Certain residential projects are offered incentives through the passage of the public ordinances listed above. An application is submitted to the County. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvement(s). In both residential and commercial abatements, the amount of the abatement is deducted from the owners' property tax bill.

Total amount of taxes abated for projects for year ending 12/31/2021:

Commercial = \$ 876,913

Residential = \$ 423,704

NOTE 22 – CHANGES IN ACCOUNTING PRINCIPLES

The City has implemented the following Governmental Accounting Standards Board (GASB) Statement:

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for certain interest costs. The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this statement is to address references in authoritative literature to the term *comprehensive annual financial report*. Although the requirements for this Statement are effective for fiscal years beginning after December 15, 2021, the City has elected early implementation, by replacing references to *comprehensive annual financial report*, with *annual comprehensive financial report* in accordance with the Statement.

Implementation Guide 2019-1, *Implementation Guidance Update-2019*. The objective of this implementation guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. These changes were incorporated in the City's financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Cuyahoga Falls, Ohio

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

Traditional Plan	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.129614%	0.132453%	0.127250%	0.128404%
City's Proportionate Share of the Net Pension Liability	\$ 19,193,012	\$ 26,180,234	\$ 34,851,195	\$ 20,144,098
City's Covered Payroll	\$ 18,255,386	\$ 18,347,107	\$ 17,187,386	\$ 16,968,723
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	142.69%	202.77%	118.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%
Combined Plan	2021	2020	2019	2018
City's Proportion of the Net Pension (Asset)	0.140407%	0.140517%	0.138696%	0.140312%
City's Proportionate Share of the Net Pension (Asset)	\$ (405,304)	\$ (293,012)	\$ (155,093)	\$ (191,010)
City's Covered Payroll	\$ 618,771	\$ 615,164	\$ 593,193	\$ 574,646
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	65.50%	47.63%	26.15%	33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	157.67%	145.28%	126.64%	137.28%
Traditional Plan	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.128688%	0.126127%	0.127518%	0.127518%
City's Proportionate Share of the Net Pension Liability	\$ 29,222,856	\$ 21,846,787	\$ 15,380,096	\$ 15,032,710
City's Covered Payroll	\$ 16,456,900	\$ 15,699,108	\$ 15,685,492	\$ 15,313,362
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	177.57%	139.16%	98.05%	98.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%
Combined Plan	2017	2016	2015	2014
City's Proportion of the Net Pension (Asset)	0.00144536	0.001567	0.0016791	0.0016791
City's Proportionate Share of the Net Pension (Asset)	\$ (80,444)	\$ (76,256)	\$ (64,650)	\$ (17,619)
City's Covered Payroll	\$ 556,786	\$ 570,242	\$ 618,417	\$ 494,446
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	14.45%	13.37%	10.45%	3.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	116.55%	116.90%	114.83%	104.33%

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

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

See accompanying notes to the required supplementary information

**Required Supplementary Information
Schedule of City's Proportionate Share of Net Pension Liability
Ohio Police and Fire Pension Fund (OP&F)
Last Eight Years**

Police	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.2039786%	0.2124997%	0.2051990%	0.2121145%
City's Proportionate Share of the Net Pension Liability	\$ 13,905,406	\$ 14,315,115	\$ 16,749,661	\$ 13,018,423
City's Covered Payroll	\$ 5,574,011	\$ 5,460,537	\$ 5,341,005	\$ 5,167,553
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	249.47%	262.16%	313.61%	251.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%
Fire	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.3009719%	0.2988112%	0.2873610%	0.2936116%
City's Proportionate Share of the Net Pension Liability	\$ 20,517,522	\$ 20,129,519	\$ 23,456,251	\$ 18,020,270
City's Covered Payroll	\$ 6,572,396	\$ 6,449,357	\$ 5,967,660	\$ 5,818,443
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.18%	312.12%	393.06%	309.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%
Police	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2116715%	0.2069667%	0.2070668%	0.2070668%
City's Proportionate Share of the Net Pension Liability	\$ 13,407,060	\$ 13,314,310	\$ 10,726,924	\$ 10,084,803
City's Covered Payroll	\$ 5,085,095	\$ 4,680,253	\$ 4,562,400	\$ 5,701,093
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.65%	284.48%	235.12%	176.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%
Fire	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.2909230%	0.2889364%	0.2967296%	0.2967296%
City's Proportionate Share of the Net Pension Liability	\$ 18,426,768	\$ 18,587,481	\$ 15,371,831	\$ 14,451,662
City's Covered Payroll	\$ 5,708,877	\$ 5,285,672	\$ 5,343,464	\$ 6,179,778
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	322.77%	351.66%	287.68%	233.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information

City of Cuyahoga Falls, Ohio

Required Supplementary Information Schedule of City Contributions Ohio Public Employees Retirement System (OPERS) Last Nine Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 2,636,075	\$ 2,555,754	\$ 2,568,595	\$ 2,406,234	\$ 2,205,934
Combined Plan	<u>\$ 74,261</u>	<u>\$ 86,628</u>	<u>\$ 86,123</u>	<u>\$ 83,047</u>	<u>\$ 74,704</u>
Total Required Contributions	\$ 2,710,336	\$ 2,642,382	\$ 2,654,718	\$ 2,489,281	\$ 2,280,638
Contributions in Relation to the Contractually Required Contribution	<u>(2,710,336)</u>	<u>(2,642,382)</u>	<u>(2,654,718)</u>	<u>(2,489,281)</u>	<u>(2,280,638)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>					
Traditional Plan	\$ 18,829,107	\$ 18,255,386	\$ 18,347,107	\$ 17,187,386	\$ 16,968,723
Combined Plan	\$ 530,436	\$ 618,771	\$ 615,164	\$ 593,193	\$ 574,646
<u>Pension Contributions as a Percentage of Covered Payroll</u>					
Traditional Plan	12.00%	12.00%	12.00%	13.00%	13.00%
Combined Plan	12.00%	12.00%	12.00%	13.00%	13.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
<u>Contractually Required Contributions</u>					
Traditional Plan	\$ 1,974,828	\$ 1,883,893	\$ 1,882,259	\$ 1,990,737	
Combined Plan	<u>66,814</u>	<u>68,429</u>	<u>74,210</u>	<u>64,278</u>	
Total Required Contributions	\$ 2,041,642	\$ 1,952,322	\$ 1,956,469	\$ 2,055,015	
Contributions in Relation to the Contractually Required Contribution	<u>(2,041,642)</u>	<u>(1,952,322)</u>	<u>(1,956,469)</u>	<u>(2,055,015)</u>	
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
<u>City's Covered Payroll</u>					
Traditional Plan	\$ 16,456,900	\$ 15,699,108	\$ 15,685,492	\$ 15,313,362	
Combined Plan	\$ 556,786	\$ 570,242	\$ 618,417	\$ 494,446	
<u>Pension Contributions as a Percentage of Covered Payroll</u>					
Traditional Plan	12.00%	12.00%	12.00%	13.00%	
Combined Plan	12.00%	12.00%	12.00%	13.00%	

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire Pension Fund (OP&F)
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Contractually Required Contributions</u>					
Police	\$ 1,116,653	\$ 1,059,062	\$ 1,037,502	\$ 1,014,791	\$ 981,835
Fire	1,631,642	1,544,513	1,515,599	1,402,400	1,367,334
Total Required Contributions	\$ 2,748,295	\$ 2,603,575	\$ 2,553,101	\$ 2,417,191	\$ 2,349,169
Contributions in Relation to the Contractually Required Contribution	(2,748,295)	(2,603,575)	(2,553,101)	(2,417,191)	(2,349,169)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>City's Covered Payroll</u>					
Police	\$ 5,877,121	\$ 5,574,011	\$ 5,460,537	\$ 5,341,005	\$ 5,167,553
Fire	\$ 6,943,157	\$ 6,572,396	\$ 6,449,357	\$ 5,967,660	\$ 5,818,443
<u>Pension Contributions as a Percentage of Covered Payroll</u>					
Police	19.00%	19.00%	19.00%	19.00%	19.00%
Fire	23.50%	23.50%	23.50%	23.50%	23.50%

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>Contractually Required Contributions</u>					
Police	\$ 966,168	\$ 889,248	\$ 866,856	\$ 896,782	\$ 928,627
Fire	\$ 1,341,586	\$ 1,242,133	\$ 1,255,714	\$ 1,250,169	\$ 1,285,282
Total Required Contributions	\$ 2,307,754	\$ 2,131,381	\$ 2,122,570	\$ 2,146,951	\$ 2,213,909
Contributions in Relation to the Contractually Required Contribution	\$ (2,307,754)	\$ (2,131,381)	\$ (2,122,570)	\$ (2,146,951)	\$ (2,213,909)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>City's Covered Payroll</u>					
Police	\$ 5,085,095	\$ 4,680,253	\$ 4,562,400	\$ 5,701,093	\$ 7,283,349
Fire	\$ 5,708,877	\$ 5,285,672	\$ 5,343,464	\$ 6,179,778	\$ 7,450,910
<u>Pension Contributions as a Percentage of Covered Payroll</u>					
Police	19.00%	19.00%	19.00%	[1]	12.75%
Fire	23.50%	23.50%	23.50%	[1]	17.25%

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

See accompanying notes to the required supplementary information

City of Cuyahoga Falls, Ohio

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

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.126261%	0.129055%	0.124262%	0.125630%	0.126370%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,249,441)	\$ 17,825,848	\$ 16,200,831	\$ 13,642,493	\$ 12,763,799
City's Covered Payroll	\$ 19,095,028	\$ 19,195,254	\$ 18,022,907	\$ 17,794,450	\$ 17,463,164
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.78%	92.87%	89.89%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	115.57%	47.80%	46.33%	54.14%	54.04%

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

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

See accompanying notes to the required supplementary information

**Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Ohio Police and Fire Pension Fund (OP&F)
Last Eight Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of the Net Pension Liability	0.504951%	0.511311%	0.492560%	0.505726%
City's Proportionate Share of the Net Pension Liability	\$ 34,422,928	\$ 34,444,634	\$ 40,205,912	\$ 31,038,693
City's Covered Payroll	\$ 12,146,407	\$ 11,909,894	\$ 11,308,665	\$ 10,985,996
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	283.40%	289.21%	355.53%	282.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's Proportion of the Net Pension Liability	0.5025945%	0.4959031%	0.5037964%	0.5037964%
City's Proportionate Share of the Net Pension Liability	\$ 31,833,828	\$ 31,901,791	\$ 26,098,755	\$ 24,536,465
City's Covered Payroll	\$ 10,793,972	\$ 9,965,925	\$ 9,905,964	\$ 11,880,871
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	294.92%	320.11%	263.47%	206.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

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

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

See accompanying notes to the required supplementary information

City of Cuyahoga Falls, Ohio

Required Supplementary Information Schedule of the City's Contributions – OPEB Ohio Public Employees Retirement System (OPERS) Last Nine Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 2,636,075	\$ 2,555,754	\$ 2,568,595	\$ 2,406,234	\$ 2,205,934
Contributions in Relation to the Contractually Required Contribution	<u>(2,636,075)</u>	<u>(2,555,754)</u>	<u>(2,568,595)</u>	<u>(2,406,234)</u>	<u>(2,205,934)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 18,829,107	\$ 18,255,386	\$ 18,347,107	\$ 17,187,386	\$ 16,968,723
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	
Contractually Required Contributions	\$ 1,974,828	\$ 1,883,893	\$ 1,882,259	\$ 1,990,737	
Contributions in Relation to the Contractually Required Contribution	<u>\$ (1,974,828)</u>	<u>\$ (1,883,893)</u>	<u>\$ (1,882,259)</u>	<u>\$ (1,990,737)</u>	
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
City's Covered Payroll	\$ 16,456,900	\$ 15,699,108	\$ 15,685,492	\$ 15,313,362	
Pension Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%	

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes available.

See accompanying notes to the required supplementary information

**Required Supplementary Information
Schedule of the City's Contributions – OPEB
Ohio Police and Fire Pension Fund (OP&F)
Last Ten Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contributions	\$ 1,116,653	\$ 1,059,062	\$ 2,553,101	\$ 2,417,191	\$ 2,349,169
Contributions in Relation to the Contractually Required Contribution	<u>(1,116,653)</u>	<u>(1,059,062)</u>	<u>(2,553,101)</u>	<u>(2,417,191)</u>	<u>(2,349,169)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 12,820,278	\$ 12,146,407	\$ 11,909,894	\$ 11,308,665	\$ 10,985,996
Contributions as a Percentage of Covered-Employee Payroll	8.71%	8.72%	21.44%	21.37%	21.38%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 2,307,754	\$ 2,131,381	\$ 2,122,570	\$ 2,146,951	\$ 2,213,909
Contributions in Relation to the Contractually Required Contribution	<u>\$ (2,307,754)</u>	<u>\$ (2,131,381)</u>	<u>\$ (2,122,570)</u>	<u>\$ (2,146,951)</u>	<u>\$ (2,213,909)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 10,793,972	\$ 9,965,925	\$ 9,905,864	\$ 11,880,871	\$ 14,734,259
Contributions as a Percentage of Covered-Employee Payroll	21.38%	21.39%	21.43%	18.07%	15.03%

See accompanying notes to the required supplementary information

City of Cuyahoga Falls, Ohio

Required Supplementary Information Schedule of the City's Net OPEB Liability Other Post-Employment Benefits – Single Employer Last Five Years (1)

	2021	2020	2019	2018	2017
Total OPEB Liability	\$ 9,830,547	\$ 10,182,507	\$ 9,086,587	\$ 8,551,540	\$ 10,445,503
Net OPEB Liability	\$ 9,830,547	\$ 10,182,507	\$ 9,086,587	\$ 8,551,540	\$ 10,445,503
City's Covered Payroll	\$ 34,111,961	\$ 33,038,219	\$ 32,891,596	\$ 29,089,244	\$ 28,529,365
City's Net OPEB Liability as a Percentage of its Covered Payroll	28.82%	30.82%	27.63%	29.40%	36.61%

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

See accompanying notes to the required supplementary information

**Required Supplementary Information
Schedule of the City's Contributions-OPEB
Other Post-Employment Benefits – Single Employer
Last Five Years (1)**

	2021	2020	2019	2018	2017
Contractually Required Contribution	\$ 451,343	\$ 456,728	\$ 479,978	\$ 554,591	\$ 535,413
Contributions in Relation to the Contractually Required Contribution	(451,343)	(456,728)	(479,978)	(554,591)	(535,413)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City Covered Payroll	\$ 34,111,961	\$ 33,038,219	\$ 32,891,596	\$ 29,089,244	\$ 28,529,365
Contributions as a Percentage of Covered Payroll	1.32%	1.38%	1.46%	1.91%	1.88%

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

See accompanying notes to the required supplementary information

City of Cuyahoga Falls, Ohio

Notes to the Required Supplementary Information December 31, 2021

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2020.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%. For 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected investment return was reduced from 6.50% to 6.00% (b) In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time (c) the single discount rate changed from 3.85% to 3.96%. For 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 3.96% to 3.16%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2020, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

Net OPEB Liability

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

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

COMBINING STATEMENTS AND INDIVIDUAL FUND STATEMENTS

Major Governmental Funds

General Fund

To account for all financial resources except those required to be accounted for in another fund.

Capital Projects

To account for income tax revenue which must be used to fund capital projects in accordance with local law.

Local Fiscal Recovery Special Revenue

To account for American Rescue Plan Act grant revenue which is restricted for use according to Federal Guidelines.

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property taxes	\$ 11,044,339	\$ 11,041,984	\$ 11,051,699	\$ 9,715
Income taxes	14,898,327	19,057,158	19,057,158	-
Other local taxes	2,422,623	2,209,476	2,226,934	17,458
State levied shared taxes	2,792,692	3,210,218	3,210,424	206
Intergovernmental	247,794	376,421	376,798	377
Charges for services	4,212,085	4,130,681	4,159,405	28,724
Fees, licenses, and permits	157,926	140,437	146,876	6,439
Interest earnings	370,475	369,959	357,805	(12,154)
Fines and forfeitures	149,924	148,168	148,449	281
Other	662,655	1,006,212	881,206	(125,006)
Total revenues	36,958,840	41,690,714	41,616,754	(73,960)
Expenditures				
Current				
Security of persons and property				
Police				
Personal services	8,059,099	7,909,099	7,840,401	68,698
Other operations	1,355,748	1,455,522	1,353,224	102,298
Total - Police	9,414,847	9,364,621	9,193,625	170,996
Fire				
Personal services	8,487,417	8,437,417	8,394,782	42,635
Other operations	1,013,434	1,063,434	1,012,847	50,587
Total - Fire	9,500,851	9,500,851	9,407,629	93,222
Technical Services				
Personal services	534,453	534,453	530,832	3,621
Other operations	68,589	68,589	63,692	4,897
Total - Technical Services	603,042	603,042	594,524	8,518
Communications				
Personal services	1,070,301	1,070,301	1,025,263	45,038
Other operations	166,690	226,690	201,430	25,260
Total - Communications	1,236,991	1,296,991	1,226,693	70,298
Total - Security of persons and property	20,755,731	20,765,505	20,422,471	343,034
Leisure time activities				
Parks & Recreation				
Personal services	2,200,587	2,200,587	1,985,562	215,025
Other operations	1,032,571	1,032,571	848,109	184,462
Total - Leisure time activities	3,233,158	3,233,158	2,833,671	399,487
Community environment				
Community / Economic Development				
Personal services	834,018	814,018	790,513	23,505
Other operations	236,903	356,903	336,926	19,977
Total - Community / Economic Development	1,070,921	1,170,921	1,127,439	43,482
Neighborhood Excellence, Communications, And Community Outreach				
Personal services	309,302	310,118	310,118	-
Other operations	38,310	37,494	31,071	6,423
Total - Neighborhood Excellence, Communications, And Community Outreach	347,612	347,612	341,189	6,423
Total - Community environment	1,418,533	1,518,533	1,468,628	49,905

City of Cuyahoga Falls, Ohio

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Year Ended December 31, 2021**

(Continued)

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General government				
General Administration				
Other operations	\$ 980,208	\$ 880,208	\$ 824,764	\$ 55,444
Total - General Administration	<u>980,208</u>	<u>880,208</u>	<u>824,764</u>	<u>55,444</u>
Council				
Personal services	308,753	309,053	309,031	22
Other operations	2,867	20,867	20,666	201
Total - Council	<u>311,620</u>	<u>329,920</u>	<u>329,697</u>	<u>223</u>
Mayor				
Personal services	279,306	279,306	271,274	8,032
Other operations	12,050	12,050	9,953	2,097
Total - Mayor	<u>291,356</u>	<u>291,356</u>	<u>281,227</u>	<u>10,129</u>
Mayor's Court				
Personal services	164,118	164,118	155,710	8,408
Other operations	38,146	38,146	33,827	4,319
Total - Mayor's Court	<u>202,264</u>	<u>202,264</u>	<u>189,537</u>	<u>12,727</u>
Finance Director				
Personal services	869,996	862,496	826,722	35,774
Other operations	136,506	144,006	144,004	2
Total - Finance Director	<u>1,006,502</u>	<u>1,006,502</u>	<u>970,726</u>	<u>35,776</u>
Law Director				
Personal services	859,759	853,759	826,587	27,172
Other operations	159,581	165,580	166,049	(469)
Total - Law Director	<u>1,019,340</u>	<u>1,019,339</u>	<u>992,636</u>	<u>26,703</u>
Service Director				
Personal services	399,675	399,675	381,935	17,740
Other operations	27,780	27,780	24,660	3,120
Total - Service Director	<u>427,455</u>	<u>427,455</u>	<u>406,595</u>	<u>20,860</u>
Civil Service Commission				
Personal services	12,471	12,471	12,468	3
Other operations	43,891	43,891	37,409	6,482
Total - Civil Service Commission	<u>56,362</u>	<u>56,362</u>	<u>49,877</u>	<u>6,485</u>
Engineering				
Personal services	1,092,614	1,092,614	1,092,032	582
Other operations	92,485	392,485	284,404	108,081
Total - Engineering	<u>1,185,099</u>	<u>1,485,099</u>	<u>1,376,436</u>	<u>108,663</u>
Human Resources / Records				
Personal services	271,902	281,902	280,154	1,748
Other operations	34,431	34,431	33,521	910
Total - Human Resources / Records	<u>306,333</u>	<u>316,333</u>	<u>313,675</u>	<u>2,658</u>
Building and Grounds Maintenance				
Personal services	782,675	782,675	735,872	46,803
Other operations	681,176	602,876	496,550	106,326
Total - Building and Grounds Maintenance	<u>1,463,851</u>	<u>1,385,551</u>	<u>1,232,422</u>	<u>153,129</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund For the Year Ended December 31, 2021

(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General government (Continued)				
Municipal Income Tax				
Personal services	183,623	183,623	182,549	1,074
Other operations	1,139,552	1,739,552	1,736,062	3,490
Total - Municipal Income Tax	<u>1,323,175</u>	<u>1,923,175</u>	<u>1,918,611</u>	<u>4,564</u>
Information Services				
Personal services	816,669	816,669	789,088	27,581
Other operations	167,616	167,616	156,479	11,137
Total - Information Services	<u>984,285</u>	<u>984,285</u>	<u>945,567</u>	<u>38,718</u>
Total - General government	<u>9,557,850</u>	<u>10,307,849</u>	<u>9,831,770</u>	<u>476,079</u>
Total expenditures	<u>34,965,272</u>	<u>35,825,045</u>	<u>34,556,540</u>	<u>1,268,505</u>
Excess (deficiency) of revenues				
Over (under) expenditures	1,993,568	5,865,669	7,060,214	1,194,545
Other Financing (Uses)				
Transfers out	(3,059,732)	(3,059,734)	(3,059,732)	2
Total other financing (uses)	<u>(3,059,732)</u>	<u>(3,059,734)</u>	<u>(3,059,732)</u>	<u>2</u>
Net change in fund balances	(1,066,164)	2,805,935	4,000,482	1,194,547
Fund balance at beginning of year	14,267,892	14,267,892	14,267,892	-
Prior year encumbrances appropriated	253,244	253,244	253,244	-
Fund balance at end of year	<u>\$ 13,454,972</u>	<u>\$ 17,327,071</u>	<u>\$ 18,521,618</u>	<u>\$ 1,194,547</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Local Fiscal Recovery Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ 8,246,939	\$ 8,246,939	\$ -
Interest earnings	-	1,144	1,141	(3)
Total revenues	-	8,248,083	8,248,080	(3)
Expenditures				
Current				
General government				
Other operations	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	8,248,083	8,248,080	(3)
Fund balance at beginning of year				
	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 8,248,083</u>	<u>\$ 8,248,080</u>	<u>\$ (3)</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Capital Projects Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Income taxes	\$ 6,509,079	\$ 7,529,278	\$ 7,529,278	\$ -
Intergovernmental	2,559,821	796,488	824,087	27,599
Charges for services	1,335,000	1,301,035	1,343,275	42,240
Special assessments	80,056	89,394	92,678	3,284
Other	465,137	404,285	476,884	72,599
Total revenues	10,949,093	10,120,480	10,266,202	145,722
Expenditures				
Current				
Capital outlay	15,767,110	15,557,110	14,977,252	579,858
Debt service				
Principal	1,285,000	1,285,000	1,362,437	(77,437)
Interest	30,625	30,625	15,313	15,312
Total expenditures	17,082,735	16,872,735	16,355,002	517,733
Excess (deficiency) of revenues over (under) expenditures				
	(6,133,642)	(6,752,255)	(6,088,800)	663,455
Other Financing Sources				
Bond/note issuance	3,455,625	3,522,890	3,522,890	-
Transfers in	-	-	-	-
Total other financing sources	3,455,625	3,522,890	3,522,890	-
Net change in fund balances				
	(2,678,017)	(3,229,365)	(2,565,910)	663,455
Fund balance at beginning of year, as restated				
	1,613,900	1,613,900	1,613,900	-
Prior year encumbrances appropriated				
	2,441,895	2,441,895	2,441,895	-
Fund balance at end of year				
	\$ 1,377,778	\$ 826,430	\$ 1,489,885	\$ 663,455

Nonmajor Governmental Funds

Special Revenue Funds	To account for specific revenues that are legally restricted to expenditure for particular purposes.
State Highway Improvement	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of state highways within the City.
Street Construction, Maintenance and Repair	Required by the Ohio Revised Code to account for that portion of the state gasoline tax and motor vehicle registration fees for maintenance of streets within the City.
Police Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for police disability and pension benefits.
Fire Pension	To accumulate property taxes and other monies for the payment of the current and accrued liability for fire disability and pension benefits.
Recreation Levy	To account for income tax collections received, per codified ordinance. The revenue must be used for improvements made to parks and recreation facilities.
Permissive Tax	Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of streets within the City. These funds are controlled by the county and limited to non-residential connector streets.
Community and Economic Development	To account for monies received from the sale of City-owned properties in an urban renewal area.
Community Development Block Grant	To account for monies received from the federal government through the Department of Housing and Urban Development as a direct entitlement community. The funding received is to directly benefit low and moderate income persons in the community. Projects funded include housing rehabilitation, economic development activities, infrastructure projects, planning and administrative costs that meet the programs national objectives. Projects are approved via an annual action plan. Fund also accounts for repayments from previous activities related to participation in the Summit County program as a sub-recipient.
Enterprise Zone/Community Reinvestment Area	To account for fees collected from enterprises receiving a tax incentive through an enterprise zone agreement for the purpose of administering and monitoring the Enterprise Zone Agreement.
Drug Law Enforcement	To account for fines received by the City that are restricted under the Ohio Revised Code to subsidize law enforcement efforts that pertain to drug offenses.
Law Enforcement Trust	To account for proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts.

Nonmajor Governmental Funds (Continued)

Enforcement and Education

To account for proceeds realized from fines to pay only those costs incurred in enforcing Section 4511.19 of the Ohio Revised Code or a substantially similar municipal ordinance and in educating the public of laws governing the operation of a motor vehicle and the dangers of operation of a motor vehicle while under the influence of alcohol and other information relating to the operation of a motor vehicle and the consumption of alcoholic beverages.

Municipal Motor Vehicle License Tax

Required by the Ohio Revised Code to account for local vehicle license fees designated for the maintenance of certain streets within the City.

Federal Law Enforcement

To account for the subsidy received by the Police Department for its efforts pertaining to (1) complex investigations/prosecutions by the City's Police/Law Departments; (2) provision of technical training or expertise of a law enforcement nature for Police Department members; (3) provision of matching funds to obtain federal grants; and (4) for such other law enforcement purposes that are deemed appropriate.

Law Enforcement Assistance

To account for the reimbursement of professional training costs for law enforcement officers.

State Road Public Improvement Tax Increment Equivalent

To account for service payments and any associated rollback payments distributed to the City with respect to improvements on the property known as Portage Crossing. Moneys deposited in the fund shall be used to pay any and all planning, engineering, acquisition, construction, installation, financing costs and any other direct or indirect costs of the public improvement; interest and principal of bonds or notes; to reimburse the City, the State of Ohio or other governmental entity for any funds used to pay costs of the public improvement; and to compensated the school district pursuant to the School Agreement.

Debt Service Fund

To account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Debt Service Fund

To account for the accumulation of resources for and payment of general obligation principal, interest, and related expenditures.

Permanent Fund

To account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

Cemetery Perpetual Care Permanent Fund

To account for monies received for the perpetual care of cemetery lots. The amounts received are held as a permanent fund, and the interest received on the invested monies is available for care of the cemetery lots.

Combining Balance Sheet - Nonmajor Governmental Funds
December 31, 2021

	Nonmajor Special Revenue Funds	Debt Service Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash and cash equivalents	\$ 2,719,089	\$ 46,646	\$ 169,922	\$ 2,935,657
Investments	1,318,254	22,626	82,419	1,423,299
Receivables				
Taxes	2,137,220	-	-	2,137,220
Accounts				
(net of allowance for uncollectibles)	263,701	-	-	263,701
Loans	2,469,026	-	-	2,469,026
Due from other funds	80,000	-	-	80,000
Due from other governments	1,671,288	-	-	1,671,288
Inventory of supplies	538,163	-	-	538,163
Prepaid items	28,627	-	-	28,627
Total assets	\$ 11,225,368	\$ 69,272	\$ 252,341	\$ 11,546,981
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 76,634	\$ -	\$ -	\$ 76,634
Accrued salaries, wages and benefits	134,084	-	-	134,084
Retainage payable	5,533	-	-	\$ 5,533
Due to other funds	11,328	-	-	11,328
Due to other governments	695,256	-	-	695,256
Total liabilities	922,835	-	-	922,835
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	2,959,531	-	-	2,959,531
Fund Balances				
Nonspendable	566,790	-	252,341	819,131
Restricted	6,813,812	69,272	-	6,883,084
Committed	1,728	-	-	1,728
Unassigned	(39,328)	-	-	(39,328)
Total fund balances	7,343,002	69,272	252,341	7,664,615
Total liabilities, deferred inflows and fund balances	\$ 11,225,368	\$ 69,272	\$ 252,341	\$ 11,546,981

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2021

	Nonmajor Special Revenue Funds	Debt Service Fund	Cemetery Perpetual Care Permanent Fund	Total Nonmajor Governmental Funds
Revenues				
Property taxes	\$ 637,598	\$ -	\$ -	\$ 637,598
Municipal income taxes	2,053,673	-	-	2,053,673
Other local taxes	1,159,318	-	-	1,159,318
State levied shared taxes	3,341,803	-	-	3,341,803
Intergovernmental	1,078,551	-	-	1,078,551
Fees, licenses and permits	612,398	-	-	612,398
Interest earnings	50	(269)	1,219	1,000
Fines and forfeitures	59,851	-	-	59,851
Other	176,581	480,000	-	656,581
Total revenues	<u>9,119,823</u>	<u>479,731</u>	<u>1,219</u>	<u>9,600,773</u>
Expenditures				
Current				
Security of persons and property	2,866,956	-	-	2,866,956
Leisure time activities	1,931,974	-	-	1,931,974
Community environment	1,745,798	-	-	1,745,798
Street maintenance	4,168,896	-	-	4,168,896
General government	-	349	1,308	1,657
Capital outlay	180,000	-	-	180,000
Debt Service				
Principal	160,000	726,278	-	886,278
Interest	241,450	395,605	-	637,055
Total expenditures	<u>11,295,074</u>	<u>1,122,232</u>	<u>1,308</u>	<u>12,418,614</u>
Excess (deficiency) of revenues over (under) expenditures				
	<u>(2,175,251)</u>	<u>(642,501)</u>	<u>(89)</u>	<u>(2,817,841)</u>
Other Financing Sources				
Transfers in	<u>2,137,000</u>	<u>642,000</u>	<u>-</u>	<u>2,779,000</u>
Total other financing sources	<u>2,137,000</u>	<u>642,000</u>	<u>-</u>	<u>2,779,000</u>
Net change in fund balances	(38,251)	(501)	(89)	(38,841)
Fund balance at beginning of year	7,529,404	69,773	252,430	7,851,607
Change in reserve for inventory	(150,651)	-	-	(150,651)
Change in reserve for prepaid items	2,500	-	-	2,500
Fund balance at end of year	<u>\$ 7,343,002</u>	<u>\$ 69,272</u>	<u>\$ 252,341</u>	<u>\$ 7,664,615</u>

**Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2021**

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Assets				
Equity in pooled cash and cash equivalents	\$ 5,108	\$ 860,163	\$ 105,819	\$ 143,118
Investments	2,476	417,018	51,303	69,386
Receivables				
Taxes	-	-	333,139	333,139
Accounts				
(net of allowance for uncollectibles)	-	249,943	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	102,801	1,267,890	18,756	18,756
Inventory of supplies	-	538,163	-	-
Prepaid items	-	28,627	-	-
Total assets	<u>\$ 110,385</u>	<u>\$ 3,361,804</u>	<u>\$ 509,017</u>	<u>\$ 564,399</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 25,570	\$ -	\$ -
Accrued salaries, wages and benefits	-	129,039	-	-
Retainage payable	-	-	-	-
Due to other funds	-	8,599	-	-
Due to other governments	-	94,125	163,786	245,168
Total liabilities	<u>-</u>	<u>257,333</u>	<u>163,786</u>	<u>245,168</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	67,104	858,020	351,895	351,895
Fund Balances				
Nonspendable	-	566,790	-	-
Restricted	43,281	1,679,661	-	-
Committed	-	-	-	-
Unassigned	-	-	(6,664)	(32,664)
Total fund balances	<u>43,281</u>	<u>2,246,451</u>	<u>(6,664)</u>	<u>(32,664)</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 110,385</u>	<u>\$ 3,361,804</u>	<u>\$ 509,017</u>	<u>\$ 564,399</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2021

(Continued)

	Recreation Levy	Permissive Tax	Community and Economic Development	Community Development Block Grant
Assets				
Equity in pooled cash and cash equivalents	\$ 1,130,640	\$ 1	\$ 1,164	\$ 149,213
Investments	548,149	1	564	72,341
Receivables				
Taxes	-	-	-	-
Accounts				
(net of allowance for uncollectibles)	431	-	-	-
Loans	-	-	-	2,469,026
Due from other funds	80,000	-	-	-
Due from other governments	-	178,246	-	24,392
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 1,759,220</u>	<u>\$ 178,248</u>	<u>\$ 1,728</u>	<u>\$ 2,714,972</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ 31,250	\$ -	\$ -	\$ 19,635
Accrued salaries, wages and benefits	-	-	-	5,045
Retainage payable	5,533	-	-	-
Due to other funds	2,729	-	-	-
Due to other governments	258	-	-	770
Total liabilities	<u>39,770</u>	<u>-</u>	<u>-</u>	<u>25,450</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	-	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	1,719,450	178,248	-	2,689,522
Committed	-	-	1,728	-
Unreserved - undesignated	-	-	-	-
Total fund balances	<u>1,719,450</u>	<u>178,248</u>	<u>1,728</u>	<u>2,689,522</u>
Total liabilities and fund balances	<u>\$ 1,759,220</u>	<u>\$ 178,248</u>	<u>\$ 1,728</u>	<u>\$ 2,714,972</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2021

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
Assets				
Equity in pooled cash and cash equivalents	\$ 68,230	\$ 120,738	\$ 85,706	\$ 29,585
Investments	33,079	58,535	41,552	14,343
Receivables				
Taxes	-	-	-	-
Accounts (net of allowance for uncollectibles)	13,327	-	-	-
Loans	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	1,609	2,096	446
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 114,636</u>	<u>\$ 180,882</u>	<u>\$ 129,354</u>	<u>\$ 44,374</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 179	\$ -
Accrued salaries, wages and benefits	-	-	-	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>179</u>	<u>-</u>
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	13,327	-	-	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	101,309	180,882	129,175	44,374
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>101,309</u>	<u>180,882</u>	<u>129,175</u>	<u>44,374</u>
Total liabilities and fund balances	<u>\$ 114,636</u>	<u>\$ 180,882</u>	<u>\$ 129,354</u>	<u>\$ 44,374</u>

City of Cuyahoga Falls, Ohio

Combining Balance Sheet - Nonmajor Special Revenue Funds December 31, 2021

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	State Road Public Improvement Tax Increment Equivalent
Assets				
Equity in pooled cash and cash equivalents	\$ 3,524	\$ 12,394	\$ 3,039	\$ 647
Investments	1,709	6,012	1,473	313
Receivables				
Taxes	-	-	-	868,857
Accounts				
(net of allowance for uncollectibles)	-	-	-	-
Loans				
Due from other funds	-	-	-	-
Due from other governments	56,296	-	-	-
Inventory of supplies	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 61,529</u>	<u>\$ 18,406</u>	<u>\$ 4,512</u>	<u>\$ 869,817</u>
Liabilities, Deferred Inflows, and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	-	-	-	-
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	191,149
Total liabilities	-	-	-	191,149
Deferred Inflows of Resources				
Revenues levied for the next year and unavailable revenue	37,497	-	-	677,708
Fund Balances				
Nonspendable	-	-	-	-
Restricted	24,032	18,406	4,512	960
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>24,032</u>	<u>18,406</u>	<u>4,512</u>	<u>960</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 61,529</u>	<u>\$ 18,406</u>	<u>\$ 4,512</u>	<u>\$ 869,817</u>

Combining Balance Sheet - Nonmajor Special Revenue Funds
December 31, 2021

	Mudbrook - Mill Pond Public Improvement Tax Increment Equivalent	Total Nonmajor Special Revenue Funds
Assets		
Equity in pooled cash and cash equivalents	\$ -	\$ 2,719,089
Investments	-	1,318,254
Receivables		
Taxes	602,085	2,137,220
Accounts (net of allowance for uncollectibles)	-	263,701
Loans	-	2,469,026
Due from other funds	-	80,000
Due from other governments	-	1,671,288
Inventory of supplies	-	538,163
Prepaid items	-	28,627
Total assets	<u>\$ 602,085</u>	<u>\$ 11,225,368</u>
Liabilities, Deferred Inflows, and Fund Balances		
Liabilities		
Accounts payable	\$ -	\$ 76,634
Accrued salaries, wages and benefits	-	134,084
Retainage payable	-	5,533
Due to other funds	-	11,328
Due to other governments	-	695,256
Total liabilities	<u>-</u>	<u>922,835</u>
Deferred Inflows of Resources		
Revenues levied for the next year and unavailable revenue	602,085	2,959,531
Fund Balances		
Nonspendable	-	566,790
Restricted	-	6,813,812
Committed	-	1,728
Unassigned	-	(39,328)
Total fund balances	<u>-</u>	<u>7,343,002</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 602,085</u>	<u>\$ 11,225,368</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2021

	State Highway Improvement	Street Construction, Maintenance and Repair	Police Pension	Fire Pension
Revenues				
Property taxes	\$ -	\$ -	\$ 318,799	\$ 318,799
Municipal income taxes	-	-	-	-
Other local taxes	-	289,874	293	294
State levied shared taxes	218,239	2,691,617	39,814	39,814
Intergovernmental	-	-	-	-
Fees, licenses, and permits	-	602,183	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	-	-	-
Other	-	36,411	-	3,473
Total revenues	<u>218,239</u>	<u>3,620,085</u>	<u>358,906</u>	<u>362,380</u>
Expenditures				
Current				
Security of persons and property	-	-	1,150,582	1,674,376
Leisure time activities	-	-	-	-
Community environment	-	-	-	-
Street maintenance	210,000	3,845,896	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>210,000</u>	<u>3,845,896</u>	<u>1,150,582</u>	<u>1,674,376</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,239</u>	<u>(225,811)</u>	<u>(791,676)</u>	<u>(1,311,996)</u>
Other Financing Sources				
Transfers in	-	-	810,000	1,327,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>810,000</u>	<u>1,327,000</u>
Net change in fund balances	8,239	(225,811)	18,324	15,004
Fund balance at beginning of year	35,042	2,620,413	(24,988)	(47,668)
Change in nonspendable inventory	-	(150,651)	-	-
Change in nonspendable prepaid items	-	2,500	-	-
Fund balance at end of year	<u>\$ 43,281</u>	<u>\$ 2,246,451</u>	<u>\$ (6,664)</u>	<u>\$ (32,664)</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021**

(Continued)

	Recreation Levy	Permissive Tax	Community and Economic Development	Community Development Block Grant
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	2,053,673	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	233,154	-	-
Intergovernmental	-	-	-	1,078,551
Fees, licenses, and permits	-	-	-	-
Interest earnings	-	-	-	34
Fines and forfeitures	-	-	-	-
Other	122,429	-	-	7,027
Total revenues	<u>2,176,102</u>	<u>233,154</u>	<u>-</u>	<u>1,085,612</u>
Expenditures				
Current				
Security of persons and property	-	-	-	-
Leisure time activities	1,931,974	-	-	-
Community environment	-	-	-	1,272,943
Street maintenance	-	-	-	-
Capital outlay	-	180,000	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,931,974</u>	<u>180,000</u>	<u>-</u>	<u>1,272,943</u>
Excess (deficiency) of revenues over (under) expenditures	<u>244,128</u>	<u>53,154</u>	<u>-</u>	<u>(187,331)</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	244,128	53,154	-	(187,331)
Fund balance at beginning of year	1,475,322	125,094	1,728	2,876,853
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,719,450</u>	<u>\$ 178,248</u>	<u>\$ 1,728</u>	<u>\$ 2,689,522</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2021

(Continued)

	Enterprise Zone / Community Reinvestment Area	Drug Law Enforcement	Law Enforcement Trust	Enforcement and Education
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	-	-	-
Other local taxes	-	-	-	-
State levied shared taxes	-	-	-	-
Intergovernmental	-	-	-	-
Fees, licenses, and permits	10,215	-	-	-
Interest earnings	-	-	-	-
Fines and forfeitures	-	19,771	22,086	5,580
Other	-	-	-	1,376
Total revenues	<u>10,215</u>	<u>19,771</u>	<u>22,086</u>	<u>6,956</u>
Expenditures				
Current				
Security of persons and property	-	6,087	10,227	4,590
Leisure time activities	-	-	-	-
Community environment	-	-	-	-
Street maintenance	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>6,087</u>	<u>10,227</u>	<u>4,590</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,215</u>	<u>13,684</u>	<u>11,859</u>	<u>2,366</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,215	13,684	11,859	2,366
Fund balance at beginning of year	91,094	167,198	117,316	42,008
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 101,309</u>	<u>\$ 180,882</u>	<u>\$ 129,175</u>	<u>\$ 44,374</u>

**Combining Statement of Revenues, Expenditures and Changes in Fund
Balances - Nonmajor Special Revenue Funds
For the Year Ended December 31, 2021**

(Continued)

	Municipal Motor Vehicle License Tax	Federal Law Enforcement	Law Enforcement Assistance	State Road Public Improvement Tax Increment Equivalent
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Municipal income taxes	-	-	-	-
Other local taxes	-	-	-	868,857
State levied shared taxes	119,165	-	-	-
Intergovernmental	-	-	-	-
Fees, licenses, and permits	-	-	-	-
Interest earnings	-	16	-	-
Fines and forfeitures	-	12,414	-	-
Other	-	-	-	5,865
Total revenues	<u>119,165</u>	<u>12,430</u>	<u>-</u>	<u>874,722</u>
Expenditures				
Current				
Security of persons and property	-	-	21,094	-
Leisure time activities	-	-	-	-
Community environment	-	-	-	472,855
Street maintenance	113,000	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	160,000
Interest	-	-	-	241,450
Total expenditures	<u>113,000</u>	<u>-</u>	<u>21,094</u>	<u>874,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,165</u>	<u>12,430</u>	<u>(21,094)</u>	<u>417</u>
Other Financing Sources				
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,165	12,430	(21,094)	417
Fund balance at beginning of year	17,867	5,976	25,606	543
Change in nonspendable inventory	-	-	-	-
Change in nonspendable prepaid items	-	-	-	-
Fund balance at end of year	<u>\$ 24,032</u>	<u>\$ 18,406</u>	<u>\$ 4,512</u>	<u>\$ 960</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2021

	Mudbrook - Mill Pond Public Improvement Tax Increment Equivalent	Total Nonmajor Special Revenue Funds
Revenues		
Property taxes	\$ -	\$ 637,598
Municipal income taxes	-	2,053,673
Other local taxes	-	1,159,318
State levied shared taxes	-	3,341,803
Intergovernmental	-	1,078,551
Fees, licenses, and permits	-	612,398
Interest earnings	-	50
Fines and forfeitures	-	59,851
Other	-	176,581
Total revenues	<u>-</u>	<u>9,119,823</u>
Expenditures		
Current		
Security of persons and property	-	2,866,956
Leisure time activities	-	1,931,974
Community environment	-	1,745,798
Street maintenance	-	4,168,896
Capital outlay	-	180,000
Debt service		
Principal	-	160,000
Interest	-	241,450
Total expenditures	<u>-</u>	<u>11,295,074</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(2,175,251)</u>
Other Financing Sources		
Transfers in	-	2,137,000
Total other financing sources	<u>-</u>	<u>2,137,000</u>
Net change in fund balances	-	(38,251)
Fund balance at beginning of year	-	7,529,404
Change in nonspendable inventory	-	(150,651)
Change in nonspendable prepaid items	<u>-</u>	<u>2,500</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 7,343,002</u>

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - State Highway Improvement Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 209,610	\$ 216,091	\$ 216,092	\$ 1
Total revenues	209,610	216,091	216,092	1
Expenditures				
Current				
Street maintenance				
Other operations	210,000	210,000	210,000	-
Total expenditures	210,000	210,000	210,000	-
Net change in fund balances	(390)	6,091	6,092	1
Fund balance at beginning of year	1,492	1,492	1,492	-
Fund balance at end of year	<u>\$ 1,102</u>	<u>\$ 7,583</u>	<u>\$ 7,584</u>	<u>\$ 1</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Street Construction, Maintenance and Repair Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other local taxes	\$ 144,542	\$ 219,762	\$ 236,935	\$ 17,173
State levied shared taxes	2,562,808	2,665,128	2,665,127	(1)
Fees, licenses, and permits	598,000	609,433	609,434	1
Other	8,750	48,377	48,379	2
Total revenues	3,314,100	3,542,700	3,559,875	17,175
Expenditures				
Current				
Street maintenance				
Personal services	2,318,355	2,318,355	2,210,100	108,255
Other operations	1,767,931	1,767,930	1,679,830	88,100
Total expenditures	4,086,286	4,086,285	3,889,930	196,355
Net change in fund balances	(772,186)	(543,585)	(330,055)	213,530
Fund balance at beginning of year	1,356,338	1,356,338	1,356,338	-
Prior year encumbrances appropriated	45,916	45,916	45,916	-
Fund balance at end of year	\$ 630,068	\$ 858,669	\$ 1,072,199	\$ 213,530

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Police Pension Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 318,586	\$ 318,519	\$ 318,799	\$ 280
Other local taxes	215	215	355	140
State levied shared taxes	39,779	39,770	39,814	44
Total revenues	<u>358,580</u>	<u>358,504</u>	<u>358,968</u>	<u>464</u>
Expenditures				
Current				
Security of persons and property				
Personal services	1,116,038	1,116,038	1,102,465	13,573
Other operations	5,700	5,700	4,544	1,156
Total expenditures	<u>1,121,738</u>	<u>1,121,738</u>	<u>1,107,009</u>	<u>14,729</u>
Excess (deficiency) of revenues				
over (under) expenditures	(763,158)	(763,234)	(748,041)	15,193
Other Financing Sources				
Transfers in	810,000	810,000	810,000	-
Total other financing sources	<u>810,000</u>	<u>810,000</u>	<u>810,000</u>	<u>-</u>
Net change in fund balances	46,842	46,766	61,959	15,193
Fund balance at beginning of year	7,308	7,308	7,308	-
Fund balance at end of year	<u>\$ 54,150</u>	<u>\$ 54,074</u>	<u>\$ 69,267</u>	<u>\$ 15,193</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Fire Pension Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 318,586	\$ 318,519	\$ 318,799	\$ 280
Other local taxes	215	215	356	141
State levied shared taxes	39,779	39,770	39,814	44
Other	-	-	3,473	3,473
Total revenues	358,580	358,504	362,442	3,938
Expenditures				
Current				
Security of persons and property				
Personal services	1,633,752	1,633,752	1,613,772	19,980
Other operations	5,700	5,700	4,545	1,155
Total expenditures	1,639,452	1,639,452	1,618,317	21,135
Excess (deficiency) of revenues				
over (under) expenditures	(1,280,872)	(1,280,948)	(1,255,875)	25,073
Other Financing Sources				
Transfers in	1,327,000	1,327,000	1,327,000	-
Total other financing sources	1,327,000	1,327,000	1,327,000	-
Net change in fund balances	46,128	46,052	71,125	25,073
Fund balance at beginning of year	143	143	143	-
Fund balance at end of year	\$ 46,271	\$ 46,195	\$ 71,268	\$ 25,073

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Recreation Levy Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Income taxes	\$ 1,775,405	\$ 2,053,672	\$ 2,053,673	\$ 1
Other	80,000	141,998	141,998	-
Total revenues	<u>1,855,405</u>	<u>2,195,670</u>	<u>2,195,671</u>	<u>1</u>
Expenditures				
Current				
Leisure time activities				
Other operations	1,464,933	1,464,933	1,291,510	173,423
Capital outlay	1,455,780	1,455,780	1,149,455	306,325
Total expenditures	<u>2,920,713</u>	<u>2,920,713</u>	<u>2,440,965</u>	<u>479,748</u>
Net change in fund balances	(1,065,308)	(725,043)	(245,294)	479,749
Fund balance at beginning of year	979,487	979,487	979,487	-
Prior year encumbrances appropriated	529,999	529,999	529,999	-
Fund balance at end of year	<u>\$ 444,178</u>	<u>\$ 784,443</u>	<u>\$ 1,264,192</u>	<u>\$ 479,749</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Permissive Tax Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State levied shared taxes	\$ 200,000	\$ 180,000	\$ 180,000	\$ -
Total revenues	200,000	180,000	180,000	-
Expenditures				
Current				
Capital outlay	200,000	180,000	180,000	-
Total expenditures	200,000	180,000	180,000	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	2	2	2	-
Fund balance at end of year	\$ 2	\$ 2	\$ 2	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Community and Economic
Development Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
Expenditures				
Current				
Community environment				
Other operations	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	1,728	1,728	1,728	-
Fund balance at end of year	<u>\$ 1,728</u>	<u>\$ 1,728</u>	<u>\$ 1,728</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Community Development Block Grant Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 671,384	\$ 1,038,076	\$ 1,090,204	\$ 52,128
Interest earnings	-	-	34	34
Other	-	248,833	193,382	(55,451)
Total revenues	671,384	1,286,909	1,283,620	(3,289)
Expenditures				
Current				
Community environment				
Personal services	99,487	97,600	95,069	2,531
Other operations	706,253	1,173,571	1,173,491	80
Capital outlay	-	131,921	131,803	118
Total expenditures	805,740	1,403,092	1,400,363	2,729
Net change in fund balances	(134,356)	(116,183)	(116,743)	(560)
Fund balance at beginning of year	31,276	31,276	31,276	-
Prior year encumbrances appropriated	134,356	134,356	134,356	-
Fund balance at end of year	\$ 31,276	\$ 49,449	\$ 48,889	\$ (560)

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Zone/Community
 Reinvestment Area Fund
 For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fees, licenses, and permits	\$ 13,944	\$ 13,944	\$ 13,974	\$ 30
Total revenues	13,944	13,944	13,974	30
Expenditures				
Current				
Community environment				
Other operations	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	13,944	13,944	13,974	30
Fund balance at beginning of year	87,335	87,335	87,335	-
Fund balance at end of year	<u>\$ 101,279</u>	<u>\$ 101,279</u>	<u>\$ 101,309</u>	<u>\$ 30</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Drug Law Enforcement Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 25,000	\$ 27,529	\$ 27,529	\$ -
Total revenues	25,000	27,529	27,529	-
Expenditures				
Current				
Security of persons and property				
Other operations	15,600	10,394	881	9,513
Capital outlay	-	5,206	5,206	-
Total expenditures	15,600	15,600	6,087	9,513
Net change in fund balances	9,400	11,929	21,442	9,513
Fund balance at beginning of year	157,831	157,831	157,831	-
Fund balance at end of year	\$ 167,231	\$ 169,760	\$ 179,273	\$ 9,513

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Trust Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	12,500	19,989	19,990	1
Other	-	100	100	-
Total revenues	<u>12,500</u>	<u>20,089</u>	<u>20,090</u>	<u>1</u>
Expenditures				
Current				
Security of persons and property				
Other operations	16,500	16,500	19,048	(2,548)
Capital outlay	-	-	-	-
Total expenditures	<u>16,500</u>	<u>16,500</u>	<u>19,048</u>	<u>(2,548)</u>
Net change in fund balances	(4,000)	3,589	1,042	(2,547)
Fund balance at beginning of year	126,216	126,216	126,216	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	<u>\$ 122,216</u>	<u>\$ 129,805</u>	<u>\$ 127,258</u>	<u>\$ (2,547)</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Enforcement and Education Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and forfeitures	\$ 6,700	\$ 5,860	\$ 5,860	\$ -
Other	1,200	1,481	1,481	-
Total revenues	7,900	7,341	7,341	-
Expenditures				
Current				
Security of persons and property				
Other operations	4,590	4,590	4,590	-
Total expenditures	4,590	4,590	4,590	-
Excess (deficiency) of revenues over (under) expenditures	3,310	2,751	2,751	-
Net change in fund balances	3,310	2,751	2,751	-
Fund balance at beginning of year	41,177	41,177	41,177	-
Fund balance at end of year	\$ 44,487	\$ 43,928	\$ 43,928	\$ -

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Municipal Motor Vehicle License
Tax Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
State levied shared taxes	\$ 113,000	\$ 117,550	\$ 117,551	\$ 1
Total revenues	113,000	117,550	117,551	1
Expenditures				
Current				
Street maintenance				
Other operations	113,000	113,000	113,000	-
Total expenditures	113,000	113,000	113,000	-
Net change in fund balances	-	4,550	4,551	1
Fund balance at beginning of year	682	682	682	-
Fund balance at end of year	<u>\$ 682</u>	<u>\$ 5,232</u>	<u>\$ 5,233</u>	<u>\$ 1</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Federal Law Enforcement Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 39	\$ 39	\$ 63	\$ 24
Fines and forfeitures	\$ -	\$ 12,413	\$ 12,414	
Total revenues	39	12,452	12,477	24
Expenditures				
Current				
Security of persons and property				
Other operations	\$ -	\$ -	\$ -	\$ -
Total expenditures	-	-	-	-
Net change in fund balances	39	12,452	12,477	24
Fund balance at beginning of year	5,926	5,926	5,926	-
Fund balance at end of year	\$ 5,965	\$ 18,378	\$ 18,403	\$ 24

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis) - Law Enforcement Assistance Fund
For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
Security of persons and property				
Other operations	\$ 26,026	\$ 25,606	\$ 21,669	\$ 3,937
Total expenditures	26,026	25,606	21,669	3,937
Net change in fund balances	(26,026)	(25,606)	(21,669)	3,937
Fund balance at beginning of year	24,286	24,286	24,286	-
Prior year encumbrances appropriated	1,320	1,320	1,320	-
Fund balance at end of year	<u>\$ (420)</u>	<u>\$ -</u>	<u>\$ 3,937</u>	<u>\$ 3,937</u>

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - State Road Public Improvement Tax Increment Equivalent Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other local tax	\$ 864,197	\$ 868,857	\$ 868,857	\$ -
Other	-	5,864	5,865	1
Total revenues	864,197	874,721	874,722	1
Expenditures				
Current				
Community environment				
Other operations	462,747	472,855	472,855	-
Total - community environment	462,747	472,855	472,855	-
Debt service				
Principal	160,000	160,000	160,000	-
Interest	241,450	241,450	241,450	-
Total expenditures	864,197	874,305	874,305	-
Net change in fund balances	-	416	417	1
Fund balance at beginning of year	543	543	543	-
Fund balance at end of year	\$ 543	\$ 959	\$ 960	\$ 1

**Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis) - Mudbrook - Mill Pond Public Improve
 Increment Equivalent Fund
 For the Year Ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local tax	\$ 200,695	\$ -	\$ -	\$ -
Total revenues	200,695	-	-	-
Expenditures				
Current				
Community environment				
Other operations	200,695	-	-	-
Total - community environment	200,695	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	200,695	-	-	-
Net change in fund balances	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

City of Cuyahoga Falls, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Debt Service Fund For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest earnings	\$ 970	\$ 970	\$ 304	\$ (666)
Other	480,000	480,000	480,000	-
Special Assessments	-	-	-	-
Total revenues	480,970	480,970	480,304	(666)
Expenditures				
Current				
General government				
Other operations	-	350	349	1
Total - general government	-	350	349	1
Debt service				
Principal	726,278	726,278	726,278	-
Interest	395,605	395,605	395,605	-
Total expenditures	1,121,883	1,122,233	1,122,232	1
Excess (deficiency) of revenues over (under) expenditures	(640,913)	(641,263)	(641,928)	(665)
Other Financing Sources (Uses)				
Transfers in	642,000	642,000	642,000	-
Total other financing sources (uses)	642,000	642,000	642,000	-
Net change in fund balances	1,087	737	72	(665)
Fund balance at beginning of year	69,189	69,189	69,189	-
Fund balance at end of year	\$ 70,276	\$ 69,926	\$ 69,261	\$ (665)

Internal Service Funds

Internal Service Funds

To account for the financing of goods or services provided by one department of the City to other departments of the City on a cost reimbursement basis.

Garage

To account for the cost of maintenance facility for automotive equipment used by various City departments. The costs of services provided are billed to the various user departments.

Self-Insurance

To account for the cost of medical benefits and life insurance provided to the City's employees.

Workers' Compensation

To account for the cost of workers' compensation claims and administrative costs incurred by City employees.

Compensated Absences

To accumulate sums sufficient to defray anticipated employee benefit payments. In addition, Ordinance 70-2012, authorized this fund to accumulate amounts through transfers, sufficient to meet the excess personal services associated with a twenty-seventh pay period in 2015.

City of Cuyahoga Falls, Ohio

Combining Statement of Net Position - Governmental Activities Internal Service Funds December 31, 2021

	Garage	Self Insurance	Workers' Compensation
Assets			
Current Assets			
Equity in pooled cash and cash equivalents	\$ 95,908	3,668,231	\$ 1,426,932
Investments	46,497	1,778,406	692,118
Receivables			
Accounts			
(net of allowance for uncollectibles)	6,500	93,649	-
Due from other governments	-	-	52,545
Inventory of supplies	313,286	-	-
Prepaid items	1,285	-	-
Total current assets	<u>463,476</u>	<u>5,540,286</u>	<u>2,171,595</u>
Noncurrent Assets			
Net pension asset	10,457	892	-
Net other postemployment benefits (OPEB) asset	58,036	4,949	-
Capital Assets			
Land	21,960	-	-
Buildings	113,503	-	-
Improvements other than buildings	260,029	-	-
Equipment	316,428	-	-
Less: Accumulated depreciation	(571,545)	-	-
Total noncurrent assets	<u>208,868</u>	<u>5,841</u>	<u>-</u>
Total assets	<u>672,344</u>	<u>5,546,127</u>	<u>2,171,595</u>
Deferred Outflows of Resources			
Pension	81,430	6,944	-
Other postemployment benefits (OPEB)	40,887	1,400,670	-
Total deferred outflows of resources	<u>122,317</u>	<u>1,407,614</u>	<u>-</u>
Liabilities			
Current Liabilities			
Accounts payable	159,347	45,554	-
Accrued salaries, wages and benefits	32,466	3,945	-
Accrued compensated absences	-	-	-
Due to other funds	2,911	-	-
Due to other governments	22,215	600	1,890
Claims and judgments payable	-	606,094	424
Capital lease obligations	-	-	-
Total current liabilities	<u>216,939</u>	<u>656,193</u>	<u>2,314</u>
Noncurrent Liabilities			
Net pension liability	495,180	42,225	-
Net other postemployment benefits (OPEB) liability	-	9,830,547	-
Accrued compensated absences	-	-	-
Claims and judgments payable	-	-	16,663
Total Noncurrent Liabilities	<u>495,180</u>	<u>9,872,772</u>	<u>16,663</u>
Total liabilities	<u>712,119</u>	<u>10,528,965</u>	<u>18,977</u>
Deferred Inflows of Resources			
Pension	232,166	19,797	-
Other postemployment benefits (OPEB)	183,793	1,412,950	-
Total deferred inflows of resources	<u>415,959</u>	<u>1,432,747</u>	<u>-</u>
Net Position			
Net investment in capital assets	140,375	-	-
Unrestricted	(473,792)	(5,007,971)	2,152,618
Total net position	<u>\$ (333,417)</u>	<u>(5,007,971)</u>	<u>\$ 2,152,618</u>

**Combining Statement of Net Position -
Governmental Activities Internal Service Funds
December 31, 2021**

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Assets		
Current Assets		
Equity in pooled cash and cash equivalents	\$ 342,075	\$ 5,533,146
Investments	165,843	2,682,864
Receivables		
Accounts		
(net of allowance for uncollectibles)	-	100,149
Due from other governments	-	52,545
Inventory of supplies	-	313,286
Prepaid items	-	1,285
Total current assets	<u>507,918</u>	<u>8,683,275</u>
Noncurrent Assets		
Net pension asset	-	11,349
Net other postemployment benefits (OPEB) asset	-	62,985
Capital Assets		
Land	-	21,960
Buildings	-	113,503
Improvements other than buildings	-	260,029
Equipment	-	316,428
Less: Accumulated depreciation	-	(571,545)
Total noncurrent assets	<u>-</u>	<u>214,709</u>
Total assets	<u>507,918</u>	<u>8,897,984</u>
Deferred Outflows of Resources		
Pension	-	88,374
Other postemployment benefits (OPEB)	-	1,441,557
Total deferred outflows of resources	<u>-</u>	<u>1,529,931</u>
Liabilities		
Current Liabilities		
Accounts payable	-	204,901
Accrued salaries, wages and benefits	-	36,411
Accrued compensated absences	1,960,482	1,960,482
Due to other funds	-	2,911
Due to other governments	-	24,705
Claims and judgments payable	-	606,518
Capital lease obligations	-	-
Total current liabilities	<u>1,960,482</u>	<u>2,835,928</u>
Noncurrent Liabilities		
Net pension liability	-	537,405
Net other postemployment benefits (OPEB) liability	-	9,830,547
Accrued compensated absences	8,188,399	8,188,399
Claims and judgments payable	-	16,663
Total Noncurrent Liabilities	<u>8,188,399</u>	<u>18,573,014</u>
Total liabilities	<u>10,148,881</u>	<u>21,408,942</u>
Deferred Inflows of Resources		
Pension	-	251,963
Other postemployment benefits (OPEB)	-	1,596,743
Total deferred inflows of resources	<u>-</u>	<u>1,848,706</u>
Net Position		
Net investment in capital assets	-	140,375
Unrestricted	(9,640,963)	(12,970,108)
Total net position	<u>\$ (9,640,963)</u>	<u>\$ (12,829,733)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Revenues, Expenses and Changes in Net Position - Governmental Activities Internal Service Funds For the Year Ended December 31, 2021

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Operating revenues			
Charges for services	\$ 2,487,513	\$ 7,295,106	\$ -
Other	3,285	550,648	58,185
Total operating revenues	<u>2,490,798</u>	<u>7,845,754</u>	<u>58,185</u>
Operating Expenses			
Personal services	484,815	32,055	-
Fringe benefits	(172,704)	6,802,727	192,783
Materials and supplies	1,185,958	70	-
Utilities	12,073	45	-
Contractual services	11,761	73,157	20,695
Internal charges	182,521	-	-
Other	330,793	24,912	2,873
Depreciation	7,897	-	-
Total operating expenses	<u>2,043,114</u>	<u>6,932,966</u>	<u>216,351</u>
Net income (loss) from operations	<u>447,684</u>	<u>912,788</u>	<u>(158,166)</u>
Nonoperating Revenues			
Interest revenue	-	-	(4,959)
Gain from disposal of capital assets	1,564	-	-
Total nonoperating revenues	<u>1,564</u>	<u>-</u>	<u>(4,959)</u>
Income (loss) before contributions and transfers	<u>449,248</u>	<u>912,788</u>	<u>(163,125)</u>
Capital Contributions			
Changes in net position	<u>8,504</u>	<u>-</u>	<u>(163,125)</u>
Total net position - beginning	(791,169)	(5,920,759)	2,315,743
Total net position - ending	<u>\$ (333,417)</u>	<u>\$ (5,007,971)</u>	<u>\$ 2,152,618</u>

**Combining Statement of Revenues, Expenses and Changes in Net Position -
Governmental Activities Internal Service Funds
For the Year Ended December 31, 2021**

(Continued)

	<u>Compensated Absences</u>	<u>Total</u>
Operating revenues		
Charges for services	\$ 1,250,000	\$ 11,032,619
Other	-	612,118
Total operating revenues	<u>1,250,000</u>	<u>11,644,737</u>
Operating Expenses		
Personal services	546,702	1,063,572
Fringe benefits	11,235	6,834,041
Materials and supplies	-	1,186,028
Utilities	-	12,118
Contractual services	-	105,613
Internal charges	-	182,521
Other	-	358,578
Depreciation	-	7,897
Total operating expenses	<u>557,937</u>	<u>9,750,368</u>
Net income (loss) from operations	<u>692,063</u>	<u>1,894,369</u>
Nonoperating Revenues		
Interest revenue	-	(4,959)
Gain from disposal of capital assets	-	1,564
Total nonoperating revenues	<u>-</u>	<u>(3,395)</u>
Income (loss) before contributions and transfers	<u>692,063</u>	<u>1,890,974</u>
Capital Contributions	-	8,504
Changes in net position	<u>692,063</u>	<u>1,899,478</u>
Total net position - beginning	(10,333,026)	(14,729,211)
Total net position - ending	<u>\$ (9,640,963)</u>	<u>\$ (12,829,733)</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2021

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Cash Flows From Operating Activities			
Activities			
Cash received from customers	\$ 2,491,451	\$ 7,974,317	\$ 486,580
Cash payments to employees for services	(466,736)	(29,465)	-
Cash payments to employees for benefits	(177,504)	(6,523,977)	(365,422)
Cash payments to suppliers for goods and services	(1,676,489)	(109,842)	(23,568)
Net cash provided (used in) by operating activities	170,722	1,311,033	97,590
Cash Flows From Capital and Related Financing Activities			
Acquisition of capital assets	(54,255)	-	-
Net cash used in capital and related financing activities	(54,255)	-	-
Cash Flows From Investing Activities			
Interest revenue	-	-	(4,959)
Sale of investments	7,117	1,134,844	568,369
Purchase of investments	(46,497)	(1,778,406)	(692,118)
Net cash used in investing activities	(39,380)	(643,562)	(128,708)
Net increase (decrease) in cash and cash equivalents	77,087	667,471	(31,118)
Cash and cash equivalents at beginning of year	18,821	3,000,760	1,458,050
Cash and cash equivalents at end of year	<u>\$ 95,908</u>	<u>\$ 3,668,231</u>	<u>\$ 1,426,932</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2021

(Continued)

	<u>Compensated Absences</u>	<u>Totals</u>
Cash Flows From Operating Activities		
Activities		
Cash received from customers	\$ 1,250,000	\$ 12,202,348
Cash payments to employees for services	(848,796)	(1,344,997)
Cash payments to employees for benefits	(11,235)	(7,078,138)
Cash payments to suppliers for goods and services	-	(1,809,899)
Net cash provided (used in) by operating activities	389,969	1,969,314
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets	-	(54,255)
Net cash used in capital and related financing activities	-	(54,255)
Cash Flows From Investing Activities		
Interest revenue	-	(4,959)
Sale of investments	32,366	1,742,696
Purchase of investments	(165,843)	(2,682,864)
Net cash used in investing activities	(133,477)	(945,127)
Net increase (decrease) in cash and cash equivalents	256,492	969,932
Cash and cash equivalents at beginning of year	85,583	4,563,214
Cash and cash equivalents at end of year	<u>\$ 342,075</u>	<u>\$ 5,533,146</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Cash Flows - Governmental Activities Internal Service Funds For the Year Ended December 31, 2021

(Continued)

	<u>Garage</u>	<u>Self- Insurance</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ 447,684	\$ 912,788	\$ (158,166)
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:			
Depreciation	7,897	-	-
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:			
Receivables	653	128,563	-
Due from other governments	-	-	428,395
Inventory of supplies	(67,027)	-	-
Prepaid items	(559)	-	-
Deferred outflows of resources - pension	77,601	2,165	-
Deferred outflows of resources - OPEB	61,843	380,208	-
Accounts payable			
- net of items affecting capital assets	114,471	(11,658)	-
Accrued salaries, wages and benefits	18,019	2,590	-
Due to other funds	(208)	-	-
Due to other governments	10,307	391	(144,167)
Claims payable	-	247,202	(28,472)
Deferred inflows of resources - pension	84,216	(8,176)	-
Deferred inflows of resources - OPEB	116,935	68,704	-
Net pension liability	(183,167)	(15,619)	-
Net OPEB liability	(517,943)	(396,125)	-
Total adjustments	<u>(276,962)</u>	<u>398,245</u>	<u>255,756</u>
Net cash provided by (used in) operating activities	<u>\$ 170,722</u>	<u>\$ 1,311,033</u>	<u>\$ 97,590</u>

**Combining Statement of Cash Flows - Governmental Activities Internal Service Funds
For the Year Ended December 31, 2021**

(Continued)

	<u>Compensated Absences</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:		
Operating income (loss)	\$ 692,063	\$ 1,894,369
Adjustments to reconcile operating Income (Loss) to Net Cash provided by operating activities:		
Depreciation	-	7,897
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:		
Receivables	-	129,216
Due from other governments	-	428,395
Inventory of supplies	-	(67,027)
Prepaid items	-	(559)
Deferred outflows of resources - pension	-	79,766
Deferred outflows of resources - OPEB	-	442,051
Accounts payable		
- net of items affecting capital assets	-	102,813
Accrued salaries, wages and benefits	(302,094)	(281,485)
Due to other funds	-	(208)
Due to other governments	-	(133,469)
Claims payable	-	218,730
Deferred inflows of resources - pension	-	76,040
Deferred inflows of resources - OPEB	-	185,639
Net pension liability	-	(198,786)
Net OPEB liability	-	(914,068)
Total adjustments	(302,094)	74,945
Net cash provided by (used in) operating activities	<u>\$ 389,969</u>	<u>\$ 1,969,314</u>

Fiduciary Funds – Custodial Funds

Custodial Funds

Custodial funds are established to account for assets received and held by the City acting in the capacity of an agent or custodian.

State Cases-Fines and Forfeitures

To account for the portion of Mayor’s Court fines and forfeitures, and Indigent Drivers Alcohol Treatment Program fees forwarded to the City, which must be remitted to the State of Ohio, and Stow Municipal Court.

Evidence Deposits

To account for large amounts of seized money held in custody by the City in a non-interest bearing account until the appropriate court order is issued pursuant to Ohio Revised Code 2981.11 - 2981.14.

Joint Economic Development District

To account for monies associated with the collection and contractual distributions of the income taxes of the Boston Township-City of Cuyahoga Falls Joint Economic Development District.

Combining Statement of Fiduciary Net Position - Custodial Funds
December 31, 2021

	<u>Custodial Funds</u>			<u>Totals</u>
	<u>State Cases Fines and Forfeitures</u>	<u>Evidence Deposits</u>	<u>Joint Economic Development District</u>	
Assets				
Current Assets				
Equity in pooled cash and cash equivalents	\$ 10,701	\$ -	\$ 10,430	\$ 21,131
Investments	5,188	-	5,056	10,244
Income taxes receivable	-	-	45,234	45,234
Due from other governments	-	-	3,771	3,771
Total assets	15,889	-	64,491	80,380
Liabilities				
Current Liabilities				
Due to external parties	15,889	-	64,491	80,380
Total liabilities	15,889	-	64,491	80,380
Net Position				
Restricted for:				
Individuals, organizations, and other governments	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Cuyahoga Falls, Ohio

Combining Statement of Changes in Fiduciary Net Position Custodial Funds For the Year Ended December 31, 2021

	Custodial Funds			
	State Cases Fines and Forfeitures	Evidence Deposits	Joint Economic Development District	Totals
Additions				
Court receipts	\$ 124,704	\$ -	\$ -	\$ 124,704
Income taxes	-	-	254,780	254,780
Other	-	-	3,346	3,346
Total additions	<u>124,704</u>	<u>-</u>	<u>258,126</u>	<u>382,830</u>
Deductions				
Court disbursements	124,704	-	-	124,704
Income tax disbursements, Boston Township	-	-	99,663	99,663
Income tax disbursements, City of Cuyahoga Falls	-	-	149,495	149,495
Contractual services	-	-	8,968	8,968
Other	-	500	-	500
Total deductions	<u>124,704</u>	<u>500</u>	<u>258,126</u>	<u>383,330</u>
Net increase (decrease) in Fiduciary Net Position	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Total net position - beginning	-	500	-	500
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

City of Cuyahoga Falls, Ohio

STATISTICAL SECTION

This part of the City of Cuyahoga Falls, Ohio’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City’s overall financial health.

Contents	Pages
<i>Financial Trends</i>	188-197
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	198-203
These schedules contain information to help the reader assess the City’s most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	204-210
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	211-212
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place.	
<i>Operating Information</i>	213-215
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial reports for the relevant year.

**City of Cuyahoga Falls, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)**

	<u>2021</u>	<u>2020</u>	<u>2019***</u>	<u>2018</u>	<u>2017**</u>
Government activities					
Net investment in capital assets	\$ 103,875,671	\$ 103,012,400	\$ 100,145,441	\$ 98,770,561	\$ 97,475,296
Restricted:					
Capital projects	5,107,498	3,966,631	6,716,386	6,267,974	4,570,176
Debt service	-	-	-	(109,676)	14,198
Special revenue	2,689,522	2,946,853	2,928,517	3,050,759	2,746,843
Permanent fund purpose - Cemetery Perpetual Care	252,341	252,430	248,996	245,319	244,782
Unrestricted	(30,147,379)	(39,696,122)	(45,961,530)	(65,152,491)	(61,497,241)
Total governmental activities net position	<u>81,777,653</u>	<u>70,482,192</u>	<u>64,077,810</u>	<u>43,072,446</u>	<u>43,554,054</u>
Business-type activities					
Net investments in capital assets					
net of related debt	101,859,504	100,832,136	98,236,082	94,348,339	90,978,939
Unrestricted	31,816,819	20,672,054	18,967,044	20,432,384	20,051,585
Total business-type activities net position	<u>133,676,323</u>	<u>121,504,190</u>	<u>117,203,126</u>	<u>114,780,723</u>	<u>111,030,524</u>
Primary government					
Net investments in capital assets	205,735,175	203,844,536	198,381,523	193,118,900	188,454,235
Restricted	8,049,361	7,165,914	9,749,299	9,454,376	7,575,999
Unrestricted	1,669,440	(19,024,068)	(27,729,157)	(44,720,107)	(41,445,656)
Total primary government net position	<u>\$ 215,453,976</u>	<u>\$ 191,986,382</u>	<u>\$ 180,401,665</u>	<u>\$ 157,853,169</u>	<u>\$ 154,584,578</u>

** Restated from implementation of Governmental Accounting Standards Board Statements No. 75.

*** Restated from implementation of Governmental Accounting Standards Board Statements No. 84.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Net Position By Component Last Ten Years (Accrual Basis of Accounting)

(Continued)

	2016	2015	2014*	2013	2012
Government activities					
Net investment in capital assets	\$ 93,128,745	\$ 92,335,053	\$ 91,808,449	\$ 86,719,724	\$ 83,694,616
Restricted:					
Capital projects	4,416,995	3,063,077	-	-	11,336,227
Debt service	14,048	13,914	11,614	7,447	6,179
Special revenue	2,458,304	2,306,040	2,561,469	2,415,072	2,536,928
Permanent fund purpose - Cemetery Perpetual Care	241,905	239,020	234,555	231,846	229,900
Unrestricted	(16,698,179)	(14,519,150)	(17,737,712)	14,813,406	14,753,611
Total governmental activities net position	83,561,818	83,437,954	76,878,375	104,187,495	112,557,461
Business-type activities					
Net investment in capital assets					
net of related debt	84,868,646	80,341,436	74,625,126	70,628,251	65,775,358
Unrestricted	26,898,604	25,645,833	26,508,592	31,698,133	31,349,820
Total business-type activities net position	111,767,250	105,987,269	101,133,718	102,326,384	97,125,178
Primary government					
Net investments in capital assets	177,997,391	172,676,489	166,433,575	157,347,975	149,469,974
Restricted	7,131,252	5,622,051	2,807,638	2,654,365	14,109,234
Unrestricted	10,200,425	11,126,683	8,770,880	46,511,539	46,103,431
Total primary government net position	\$ 195,329,068	\$ 189,425,223	\$ 178,012,093	\$ 206,513,879	\$ 209,682,639

* Restated from implementation of Governmental Accounting Standards Board Statements No. 68 and 71.

City of Cuyahoga Falls, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis Accounting)

	2021	2020	2019	2018	2017
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 667,121	\$ 892,193	\$ 652,409	\$ 614,054	\$ 519,205
Leisure time activities	349,301	58,417	251,070	236,311	12,324
Community environment	249,761	89,784	100,850	92,344	125,102
Street maintenance	857,555	754,639	815,585	750,500	811,739
General government	3,454,746	4,805,381	3,055,468	2,194,419	2,303,281
Total charges for services	5,578,484	6,600,414	4,875,382	3,887,628	3,771,651
Operating grants & contributions:					
Security of persons and property	255,939	5,698,067	103,776	128,359	137,148
Leisure time activities	-	-	-	-	(7,500)
Community environment	948,872	651,932	402,147	768,692	557,547
Street maintenance	2,905,762	2,962,998	2,750,529	2,186,107	2,053,235
General government	138,557	131,516	141,700	152,845	121,619
Total operating grants & contributions	4,249,130	9,444,513	3,398,152	3,236,003	2,862,049
Capital grants & contributions:					
Security of persons and property	-	-	-	13,738	240,465
Leisure time activities	904	-	-	59,114	153,197
Community environment	76,262	-	124,999	29,680	1,548,283
Street maintenance	2,083,758	1,041,735	1,261,487	1,027,891	849,573
General government	-	-	17,438	45,479	-
Total capital grants & contributions	2,160,924	1,041,735	1,403,924	1,175,902	2,791,518
Total governmental activities program revenue	\$ 11,988,538	\$ 17,086,662	\$ 9,677,458	\$ 8,299,533	\$ 9,425,218
Business-type activity:					
Charges for service:					
Sewage and disposal	\$ 7,966,821	\$ 8,588,707	\$ 8,228,489	\$ 8,291,227	\$ 8,333,630
Water	5,977,700	6,347,075	5,276,484	5,651,564	5,647,624
Electric	46,912,658	51,060,290	48,761,592	50,500,902	48,079,266
Sanitation	3,970,792	3,785,683	3,786,521	3,721,057	3,715,767
Leisure time activities	5,963,620	5,122,068	6,794,450	6,630,504	7,465,484
Storm Drainage Utility	2,048,407	1,978,985	1,273,890	1,192,300	1,204,178
Total charges for services	72,839,998	76,882,808	74,121,426	75,987,554	74,445,949
Operating Grants & Contributions:					
Sewage and disposal	2,722	-	-	-	-
Water	2,722	-	-	-	-
Electric	-	1,803	1,505	4,263	4,183
Sanitation	53,669	49,652	58,002	58,298	56,972
Leisure time activities	2,500	-	-	-	-
Storm Drainage Utility	-	-	-	-	-
Total operating grants & contributions	61,613	51,455	59,507	62,561	61,155
Capital grants & contributions:					
Sewage and disposal	296,710	348,650	-	16,225	273,475
Water	486,171	106,500	340,785	24,735	318,725
Electric	-	-	-	-	-
Leisure time activities	179,934	-	-	-	-
Storm Drainage Utility	635,676	571,191	523,916	94,595	315,940
Total capital grants & contributions	1,598,491	1,026,341	864,701	135,555	908,140
Total business-type activities	\$ 74,500,102	\$ 77,960,604	\$ 75,045,634	\$ 76,185,670	\$ 75,415,244
Total primary government program revenue	\$ 86,488,640	\$ 95,047,266	\$ 84,723,092	\$ 84,485,203	\$ 84,840,462

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Net Position Last Ten Years (Accrual Basis Accounting)

(Continued)

	2016	2015	2014	2013	2012
Program revenue					
Governmental activities:					
Charges for services:					
Security of persons and property	\$ 536,856	\$ 520,733	\$ 866,918	\$ 464,166	\$ 488,609
Leisure time activities	27,226	33,132	20,790	235,225	234,159
Community environment	152,871	227,326	201,372	160,817	549,529
Street maintenance	770,054	965,856	1,339,543	713,510	918,403
General government	2,418,428	2,209,681	2,500,922	4,962,276	4,863,081
Total charges for services	3,905,435	3,956,728	4,929,545	6,535,994	7,053,781
Operating grants & contributions:					
Security of persons and property	131,381	45,917	348,575	278,024	38,835
Leisure time activities	7,500	23,250	-	-	-
Community environment	580,500	355,300	535,716	300,219	1,527,648
Street maintenance	2,026,745	2,131,622	2,064,694	2,038,054	2,015,210
General government	125,533	7,195	-	-	-
Total operating grants & contributions	2,871,659	2,563,284	2,948,985	2,616,297	3,581,693
Capital grants & contributions:					
Security of persons and property	-	100,475	107,891	110,983	154,752
Leisure time activities	116,203	109,859	-	-	-
Community environment	73,843	1,245,257	-	721,956	276,683
Street maintenance	1,175,784	4,658,370	1,540,628	3,568,526	2,595,489
General government	-	102,823	-	-	-
Total capital grants & contributions	1,365,830	6,216,784	1,648,519	4,401,465	3,026,924
Total governmental activities program revenue	\$ 8,142,924	\$ 12,736,796	\$ 9,527,049	\$ 13,553,756	\$ 13,662,398
Business-type activity:					
Charges for service:					
Sewage and disposal	\$ 7,902,309	\$ 7,001,712	\$ 6,405,741	\$ 5,883,183	\$ 6,560,233
Water	5,143,261	5,345,330	5,867,593	5,997,979	6,287,031
Electric	46,579,605	41,872,912	42,147,397	40,671,375	40,256,836
Sanitation	3,667,882	3,634,212	3,793,133	3,769,257	3,668,307
Leisure time activities	7,426,456	6,642,300	5,558,640	5,690,602	6,046,646
Storm Drainage Utility	1,081,159	1,174,989	1,208,453	1,221,761	1,184,081
Total charges for services	71,800,672	65,671,455	64,980,957	63,234,157	64,003,134
Operating Grants & Contributions:					
Sewage and disposal	-	-	-	-	-
Water	-	10,276	-	-	-
Electric	11,000	18,538	-	-	-
Sanitation	45,207	68,946	52,994	45,248	40,199
Storm Drainage Utility	-	398,396	-	-	-
Total operating grants & contributions	56,207	496,156	52,994	45,248	40,199
Capital grants & contributions:					
Sewage and disposal	201,244	96,435	176,485	60,999	30,008
Water	333,695	192,015	282,859	709,571	130,039
Electric	-	-	37,500	-	34,866
Leisure time activities	-	-	-	-	-
Storm Drainage Utility	446,567	419,806	533,588	978,980	122,488
Total capital grants & contributions	981,506	708,256	1,030,432	1,749,550	317,401
Total business-type activities	\$ 72,838,385	\$ 66,875,867	\$ 66,064,383	\$ 65,028,955	\$ 64,360,734
Total primary government program revenue	\$ 80,981,309	\$ 79,612,663	\$ 75,591,432	\$ 78,582,711	\$ 78,023,132

**City of Cuyahoga Falls, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis Accounting)**

(Continued)

	2021	2020	2019	2018	2017
Expenses					
Governmental activities:					
Security of persons and property	\$ 23,722,589	\$ 26,455,896	\$ 4,078,743	\$ 24,114,641	\$ 23,275,147
Leisure time activities	3,387,294	4,167,053	4,138,896	3,078,332	4,339,549
Community environment	2,662,387	2,658,942	2,581,048	2,139,383	2,271,132
Street maintenance	9,913,865	10,119,896	10,209,740	8,549,215	8,762,258
General government	5,319,527	9,132,619	10,324,863	7,422,900	6,958,634
Interest and fiscal charges	602,905	613,368	552,870	415,082	303,622
Total governmental activities expenses	45,608,567	53,147,774	31,886,160	45,719,553	45,910,342
Business-type activity:					
Sewage and disposal	7,921,685	7,385,465	8,997,990	8,187,532	7,934,156
Water	2,972,646	4,729,481	4,697,602	4,222,943	4,427,961
Electric	43,946,449	50,581,299	48,454,543	51,099,787	48,275,772
Sanitation	2,923,834	4,235,347	4,190,654	3,604,209	3,886,703
Leisure time activities	4,015,258	5,866,827	7,183,886	6,233,165	6,381,113
Storm Drainage Utility	828,829	1,141,853	1,065,512	1,364,938	1,413,989
Total business-type activities expenses	62,608,701	73,940,272	74,590,187	74,712,574	72,319,694
Total primary government program expenses	108,217,268	127,088,046	106,476,347	120,432,127	118,230,036
Net (expense)/revenue					
Governmental activity	(33,620,029)	(36,061,112)	(22,208,702)	(37,420,020)	(37,610,809)
Business-type activity	11,891,401	4,020,332	455,447	1,473,096	3,865,976
Total primary government net expense	\$ (21,728,628)	\$ (32,040,780)	\$ (21,753,255)	\$ (35,946,924)	\$ (33,744,833)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 13,319,161	\$ 11,479,946	\$ 11,858,448	\$ 11,916,154	\$ 11,332,985
Special revenue	1,793,092	1,512,095	1,591,781	1,498,504	1,424,679
Income tax levied for:					
General purposes	16,796,573	16,349,260	16,507,424	14,163,734	14,735,011
Special revenue	2,144,130	2,087,030	2,107,217	1,808,040	1,880,965
Capital projects	7,860,915	7,651,569	7,725,590	6,628,727	6,896,088
Grants and entitlements not restricted to specific programs	3,398,940	2,694,946	2,941,401	2,673,128	2,617,007
Gain or (loss) on sale of capital assets	17,026	-	-	24,582	-
Investment earnings	(133,615)	971,380	1,569,890	502,646	584,060
Transfers	(280,732)	(280,732)	(1,966,956)	(2,277,103)	(2,382,672)
Total governmental activities	44,915,490	42,465,494	42,334,795	36,938,412	37,088,123
Business-type activity					
Investment earnings	-	-	-	-	-
Transfers	280,732	280,732	1,966,956	2,277,103	2,382,672
Total Business-type activity	280,732	280,732	1,966,956	2,277,103	2,382,672
Total primary government general revenue and other changes in net position	45,196,222	42,746,226	44,301,751	39,215,515	39,470,795
Change in net position					
Governmental Activities	11,295,461	6,404,382	20,126,093	(481,608)	(522,686)
Business Type Activities	12,172,133	4,301,064	2,422,403	3,750,199	6,248,648
Total primary government change in net position	\$ 23,467,594	\$ 10,705,446	\$ 22,548,496	\$ 3,268,591	\$ 5,725,962

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Net Position Last Ten Years (Accrual Basis Accounting)

(Continued)

	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
Security of persons and property	\$ 23,211,263	\$ 20,818,302	\$ 19,807,646	\$ 19,226,088	\$ 18,943,973
Leisure time activities	4,073,716	2,407,489	2,244,079	2,448,177	2,404,181
Community environment	2,128,007	2,101,857	1,785,142	15,185,794	2,815,456
Street maintenance	8,646,272	8,117,963	8,034,324	7,527,258	6,666,398
General government	6,159,167	6,536,478	6,139,797	8,189,412	9,011,136
Interest and fiscal charges	364,476	116,030	163,316	213,290	290,053
Total governmental activities expenses	44,582,901	40,098,119	38,174,304	52,790,019	40,131,197
Business-type activity:					
Sewage and disposal	7,527,436	6,803,595	6,686,370	6,024,160	6,034,476
Water	4,003,814	3,991,995	4,273,858	4,050,811	4,078,386
Electric	46,856,466	43,879,705	41,358,326	43,174,472	37,381,756
Sanitation	3,463,757	3,298,991	3,443,262	3,277,406	3,411,871
Leisure time activities	6,303,759	5,986,173	5,951,069	6,268,527	6,903,412
Storm Drainage Utility	1,247,600	1,209,296	1,467,434	1,052,954	1,125,601
Total business-type activities expenses	69,402,832	65,169,755	63,180,319	63,848,330	58,935,502
Total primary government program expenses	113,985,733	105,267,874	101,354,623	116,638,349	99,066,699
Net (expense)/revenue					
Governmental activity	(36,439,977)	(27,361,323)	(28,647,255)	(39,236,263)	(26,468,799)
Business-type activity	3,435,553	1,706,112	2,884,064	1,180,625	5,425,232
Total primary government net expense	\$ (33,004,424)	\$ (25,655,211)	\$ (25,763,191)	\$ (38,055,638)	\$ (21,043,567)
General revenues and other changes in net position					
Governmental activities					
Property and other local taxes Levied for:					
General purposes	\$ 11,288,348	\$ 10,966,622	\$ 9,176,770	\$ 9,176,765	\$ 8,908,341
Special revenue	1,423,873	787,954	807,157	791,351	792,443
Income tax levied for:					
General purposes	14,452,530	13,730,190	12,961,239	12,697,834	12,631,773
Special revenue	1,844,905	1,769,939	1,654,537	1,620,915	1,612,480
Capital projects	6,763,886	6,489,034	6,065,951	5,942,676	5,911,758
Grants and entitlements not restricted to specific programs	2,574,287	2,856,650	1,955,857	4,427,998	4,885,357
Gain or (loss) on sale of capital assets	86,531	103,390	-	92,019	48,447
Investment earnings	473,909	364,562	203,039	137,320	193,201
Transfers	(2,344,428)	(3,147,439)	(2,375,534)	(2,047,509)	(2,126,746)
Total governmental activities	36,563,841	33,920,902	30,449,016	32,839,369	32,857,054
Business-type activity					
Investment earnings	-	-	-	-	-
Transfers	2,344,428	3,147,439	2,375,534	2,047,509	2,126,746
Total Business-type activity	2,344,428	3,147,439	2,375,534	2,047,509	2,126,746
Total primary government general revenue and other changes in net position	38,908,269	37,068,341	32,824,550	34,886,878	34,983,800
Change in net position					
Governmental Activities	123,864	6,559,579	1,801,761	(6,396,894)	6,388,255
Business Type Activities	5,779,981	4,853,551	5,259,598	3,228,134	7,551,978
Total primary government change in net position	\$ 5,903,845	\$ 11,413,130	\$ 7,061,359	\$ (3,168,760)	\$ 13,940,233

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	<u>2021</u>	<u>2020</u>	<u>2019**</u>	<u>2018</u>	<u>2017</u>
General Fund					
Nonspendable	\$ 315,301	\$ 307,797	\$ 307,845	\$ 293,453	\$ 301,579
Restricted	19,326	24,405	29,399	36,458	45,769
Assigned	1,810,483	2,638,739	1,434,461	3,359,765	1,070,830
Unassigned	20,479,510	16,773,610	8,495,780	7,148,694	10,262,546
Total General Fund	<u>\$ 22,624,620</u>	<u>\$ 19,744,551</u>	<u>\$ 10,267,485</u>	<u>\$ 10,838,370</u>	<u>\$ 11,680,724</u>
All Other Governmental Funds					
Nonspendable	\$ 819,131	\$ 967,371	\$ 1,013,383	\$ 834,962	\$ 1,061,814
Restricted	7,368,731	8,934,628	7,716,702	9,308,710	6,100,378
Committed	313,128	240,528	146,328	98,328	1,703
Assigned	-	-	-	3,177,562	-
Unassigned	(39,328)	(72,656)	(56,897)	(52,470)	(3,000,477)
Total All Other Governmental Funds	<u>\$ 8,461,662</u>	<u>\$ 10,069,871</u>	<u>\$ 8,819,516</u>	<u>\$ 13,367,092</u>	<u>\$ 4,163,418</u>
Total Governmental Funds	<u>\$ 31,086,282</u>	<u>\$ 29,814,422</u>	<u>\$ 19,087,001</u>	<u>\$ 24,205,462</u>	<u>\$ 15,844,142</u>

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Fund Balances, Governmental Funds Last Ten Years (Modified Accrual Basis of Accounting)

(Continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Fund					
Nonspendable	\$ 281,751	\$ 262,073	\$ 266,459	\$ 237,732	\$ 201,219
Restricted	55,270	181,734	21,505	110,459	113,975
Assigned	1,438,859	1,153,447	2,144,241	1,559,926	2,127,354
Unassigned	9,480,089	9,429,461	8,583,242	9,139,036	6,755,367
Total General Fund	<u>\$ 11,255,969</u>	<u>\$ 11,026,715</u>	<u>\$ 11,015,447</u>	<u>\$ 11,047,153</u>	<u>\$ 9,197,915</u>
All Other Governmental Funds					
Nonspendable	\$ 1,094,121	\$ 989,641	\$ 955,104	\$ 789,122	\$ 13,549,608
Restricted	9,049,950	7,785,858	5,798,849	4,967,993	5,215,817
Committed	2,178	1,553	126,528	318,248	561,494
Assigned	932,268	400,114	-	-	-
Unassigned	-	-	(4,953,474)	721,889	(6,183,050)
Total All Other Governmental Funds	<u>11,078,517</u>	<u>9,177,166</u>	<u>1,927,007</u>	<u>6,797,252</u>	<u>13,143,869</u>
Total Governmental Funds	<u>\$ 22,334,486</u>	<u>\$ 20,203,881</u>	<u>\$ 12,942,454</u>	<u>\$ 17,844,405</u>	<u>\$ 22,341,784</u>

* Restated from implementation of Governmental Accounting Standards Board Statements No. 54.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2021	2020	2019	2018	2017
Revenues					
Property taxes	\$ 11,689,297	\$ 10,153,313	\$ 10,006,285	\$ 9,973,154	\$ 9,401,904
Municipal income taxes	28,573,353	24,869,240	23,788,787	22,897,087	24,028,703
Other local taxes	3,391,264	2,665,870	3,357,273	3,563,198	3,319,930
State levied shared taxes	6,586,003	5,894,147	5,672,539	4,956,279	4,837,157
Intergovernmental	2,361,838	7,188,391	930,300	1,951,991	2,257,668
Charges for services	2,242,714	1,975,869	2,363,349	2,418,825	2,192,481
Fees, licenses, and permits	758,574	1,178,727	818,913	827,524	655,697
Interest earnings	(129,033)	938,353	1,511,280	529,491	598,492
Fines and forfeitures	206,811	208,654	225,695	225,823	253,389
Special assessments	92,678	74,528	83,246	69,888	74,240
Other	2,071,297	3,359,838	1,073,479	475,254	529,001
Total revenues	\$ 57,844,796	\$ 58,506,930	\$ 49,831,146	\$ 47,888,514	\$ 48,148,662
Expenditures					
Current					
Security of persons and property	\$ 23,622,617	\$ 21,920,524	\$ 21,964,302	\$ 20,776,624	\$ 19,999,874
Leisure time activities	4,467,895	4,110,368	3,806,986	3,181,843	3,776,947
Community environment	3,246,197	2,370,726	2,201,851	1,948,516	1,797,905
Street maintenance	4,168,896	3,629,970	4,310,946	3,542,925	3,367,710
General government	7,186,484	6,374,747	6,637,596	5,901,056	5,119,131
Capital outlay	12,475,229	11,738,611	13,788,029	11,771,223	17,043,474
Debt service					
Principal	1,023,715	1,172,416	783,326	323,774	954,399
Interest	652,368	631,964	558,022	384,421	297,310
Total expenditures	\$ 56,843,401	\$ 51,949,326	\$ 54,051,058	\$ 47,830,382	\$ 52,356,750
Excess (deficiency) of revenues over (under) expenditures	\$ 1,001,395	\$ 6,557,604	\$ (4,219,912)	\$ 58,132	\$ (4,208,088)
Other financing sources (uses)					
Bond Note proceeds	27,890	4,500,043	-	10,665,000	-
Capital lease	663,954	-	-	-	-
Transfers in	2,779,000	2,151,000	3,605,000	3,210,000	2,935,000
Transfers out	(3,059,732)	(2,431,732)	(5,571,956)	(5,336,297)	(5,201,593)
Total other financing sources (uses)	411,112	4,219,311	(1,966,956)	8,538,703	(2,266,593)
Net change in fund balance	\$ 1,412,507	\$ 10,776,915	\$ (6,186,868)	\$ 8,596,835	\$ (6,474,681)
Debt service as a percentage of noncapital expenditures	3.9%	4.1%	3.2%	1.9%	3.4%

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Changes in Fund Balances, Governmental Funds Last Ten Years (Modified Accrual Basis of Accounting)

(Continued)

	2016	2015	2014	2013	2012
Revenues					
Property taxes	\$ 9,285,230	\$ 9,221,515	\$ 9,278,950	\$ 9,421,294	\$ 9,233,359
Municipal income taxes	22,629,679	22,229,725	21,337,597	20,178,112	19,433,228
Other local taxes	3,431,145	2,573,609	696,319	640,938	640,969
State levied shared taxes	4,850,181	4,988,263	4,417,200	6,387,862	7,237,038
Intergovernmental	1,521,781	3,251,801	3,624,099	4,444,274	3,728,442
Charges for services	2,306,029	2,432,354	2,038,438	5,250,240	5,197,180
Fees, licenses, and permits	814,644	844,119	940,841	727,918	885,612
Interest earnings	461,673	336,444	176,526	133,941	180,908
Fines and forfeitures	304,782	251,164	652,005	352,468	308,788
Special assessments	99,105	96,116	121,022	165,842	184,556
Other	545,916	683,351	1,334,924	486,470	873,766
Total revenues	\$ 46,250,165	\$ 46,908,461	\$ 44,617,921	\$ 48,189,359	\$ 47,903,846
Expenditures					
Current					
Security of persons and property	\$ 19,278,402	\$ 18,867,260	\$ 18,555,134	\$ 18,835,729	\$ 18,284,008
Leisure time activities	3,492,399	2,470,729	2,068,837	2,270,656	2,217,158
Community environment	1,953,752	2,941,270	1,534,194	1,623,736	2,637,217
Street maintenance	3,424,531	3,798,443	3,711,222	3,457,639	3,037,778
General government	5,242,688	5,062,773	5,079,261	7,450,906	7,324,776
Capital outlay	7,459,829	8,370,123	9,322,999	21,999,635	8,627,407
Debt service					
Principal	893,315	1,188,631	7,748,929	1,114,980	1,156,470
Interest	397,366	151,112	191,604	261,071	282,810
Total expenditures	\$ 42,142,282	\$ 42,850,341	\$ 48,212,180	\$ 57,014,352	\$ 43,567,624
Excess (deficiency) of revenues over (under) expenditures	\$ 4,107,883	\$ 4,058,120	\$ (3,594,259)	\$ (8,824,993)	\$ 4,336,222
Other financing sources (uses)					
Bond/Note proceeds	-	6,185,000	-	6,600,000	-
Capital lease	245,877	-	-	-	-
Transfers in	2,680,000	3,459,711	4,778,527	4,580,803	22,953,663
Transfers out	(5,024,428)	(6,590,583)	(6,278,503)	(6,839,411)	(26,268,896)
Total other financing sources (uses)	(2,098,551)	3,054,128	(1,499,976)	4,341,392	(3,315,233)
Net change in fund balance	\$ 2,009,332	\$ 7,112,248	\$ (5,094,235)	\$ (4,483,601)	\$ 1,020,989
Debt service as a percentage of noncapital expenditures	3.5%	4.0%	18.6%	2.7%	4.0%

City of Cuyahoga Falls, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2021	\$ 888,978,910	\$ 258,178,620	3,277,592,943	\$ 12,081,100	13,728,523
2020	783,115,110	255,092,880	2,966,308,543	10,832,200	12,309,318
2019	776,295,070	245,261,530	2,918,733,143	9,838,290	11,179,875
2018	771,819,810	236,556,730	2,881,075,829	10,022,340	11,389,023
2017	710,687,960	244,652,170	2,729,543,229	9,666,340	10,984,477
2016	707,180,150	244,859,310	2,720,112,743	8,986,090	10,211,466
2015	701,837,420	234,800,490	2,676,108,314	8,783,580	9,981,341
2014	717,638,140	233,258,230	2,716,846,771	8,510,780	9,671,341
2013	715,103,780	229,827,490	2,699,803,629	7,862,230	8,934,352
2012	715,700,850	228,184,860	2,696,816,314	7,284,710	8,278,080

Collection Year	Total				Tax Rate (per \$1,000 of Assessed Value)
	Assessed Value	Estimated Actual Value	Ratio	Assessed Value	
2021	\$ 1,196,238,270	3,291,321,466	36.35%	11.00	
2020	1,049,040,190	2,978,617,861	35.22%	11.00	
2019	1,031,394,890	2,929,913,018	35.20%	11.00	
2018	1,018,398,880	2,892,464,851	35.21%	11.00	
2017	965,006,470	2,740,527,706	35.21%	11.00	
2016	961,025,550	2,730,324,209	35.20%	11.00	
2015	945,616,820	2,686,089,655	35.20%	11.00	
2014	959,407,150	2,726,518,112	35.19%	11.00	
2013	952,793,500	2,708,737,981	35.17%	11.00	
2012	951,170,420	2,705,094,394	35.16%	11.00	

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 20017, 2008 and 2009 both types of general business tangible property were assessed at 12.5 percent, 6.25 percent and zero, respectively.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Property Tax Rates - Direct and Overlapping Governments (per \$1,000 of Assessed Value) Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Unvoted Millage										
Operating	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000	10.4000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
Voted Millage										
1989 Parks & Recreation Operating	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Voted Millage by Type of Property										
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total Millage	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000	11.0000
Overlapping Rates by Taxing District										
City School District	82.5500	82.4500	83.7100	73.8900	74.6600	69.9500	69.9100	69.9600	69.8900	69.9200
Residential/Agricultural Real	47.3480	47.5600	52.7700	42.9442	43.6703	41.7900	41.7304	41.7600	41.1984	41.1898
Commercial/Industrial and Public Utility Real	54.8715	54.4200	61.4700	51.9024	52.6224	47.9600	47.2351	47.2300	46.9312	46.7903
General Business and Public Utility Personal	82.5500	82.4500	83.7100	73.8900	74.6600	69.9500	69.9100	69.9600	69.8900	69.9200
Summit County	15.1600	15.1600	15.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600
Residential/Agricultural Real	12.1814	12.9700	14.2800	13.2759	13.2658	14.1000	14.0991	14.1000	14.0816	14.0805
Commercial/Industrial and Public Utility Real	12.9903	13.8500	15.0100	14.0365	14.0950	13.8800	13.9081	13.8800	14.1574	14.1534
General Business and Public Utility Personal	15.1600	15.1600	15.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600	14.1600
Special Taxing Districts-Cuyahoga Falls Library	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000
Residential/Agricultural Real	1.5555	1.5500	1.7500	1.7533	1.7509	1.9000	1.9000	1.9000	1.9000	1.9000
Commercial/Industrial and Public Utility Real	1.6684	1.6500	1.8900	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.8935
General Business and Public Utility Personal	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000	1.9000

Source: Summit County Fiscal Office and Ohio Department of Taxation

Note:

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

The real property tax rates for the voted levies of the overlapping taxing districts are reduced so that inflationary increases in value do not generate additional revenue.

Overlapping rates are those of local and county governments that apply to property owners within the City.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Principal Taxpayers - Real Estate Tax 2021 and 2012

<u>Name of Taxpayer</u>	2021	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Western Reserve Hospital LLC	\$ 6,672,950	0.56%
Newpart Limited Partnership	6,816,130	0.58%
Yorkshire Woods Apartments LTD	5,433,230	0.45%
Riverside Community Urban Redevelopment	4,919,350	0.50%
Chapel Hill Associates LLC	4,525,470	0.44%
Mark Spagnuolo LLC	4,342,900	0.42%
Menard Inc.	3,728,430	0.36%
Bath Road Property LLC	3,289,010	0.32%
CF Partners LLC	3,201,700	0.27%
BWIP Wyoga Towers Owner LLC	3,191,910	0.31%
Chapel Hill Partners LLC	3,133,140	0.26%
Totals	<u>\$ 49,500,680</u>	<u>4.61%</u>
Total Assessed Valuation	<u>\$ 1,196,238,270</u>	

<u>Name of Taxpayer</u>	2012	
	<u>Assessed Value (1)</u>	<u>Percentage of Real Assessed Value</u>
Green Cross General Hospital	\$ 9,772,400	1.04%
Newpart Limited Partnership	5,621,830	0.60%
Yorkshire Woods Apartment LTD	4,976,520	0.53%
Riverside Community Urban Redevelopment	4,563,790	0.48%
Niederst Portage Towers LLC & Wynn	3,752,440	0.40%
Plaza Chapel Hill	2,970,560	0.31%
Sams Real Estate Business Trust	2,575,050	0.27%
Trinity Square Acquisition LLC	2,450,000	0.26%
Dayton Hudson Corporation	2,409,090	0.25%
Heslop Inc.	2,317,380	0.25%
Totals	<u>\$ 41,409,060</u>	<u>4.39%</u>
Total Assessed Valuation	<u>\$ 943,885,710</u>	

Source: Summit County Fiscal Office

(1) The amounts presented represent the assessed values upon which 2021 and 2012 collections were based.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Property Tax Levies and Collections Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections	Percent of Total Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2021	\$ 13,158,688	\$ 12,568,789	95.5%	\$ 220,850	12,789,639	97.2%	\$ 773,535	5.9%
2020	11,539,468	11,040,826	95.7%	202,090	11,242,916	97.4%	620,901	5.4%
2019	11,346,197	11,094,120	97.8%	170,934	11,265,054	99.3%	352,802	3.1%
2018	11,202,383	10,985,702	98.1%	73,238	11,058,940	98.7%	308,859	2.8%
2017	10,647,234	10,377,946	97.5%	236,262	10,614,208	99.7%	362,892	3.4%
2016	10,571,320	10,343,036	97.8%	219,706	10,562,742	99.9%	331,614	3.1%
2015	10,401,824	10,174,711	97.8%	227,113	10,401,824	100.0%	348,924	3.4%
2014	10,553,518	10,256,163	97.2%	297,355	10,553,518	100.0%	425,771	4.0%
2013	10,480,780	10,183,515	97.2%	500,160	10,683,675	101.9%	439,076	4.2%
2012	10,462,926	10,058,116	96.1%	421,477	10,479,593	100.2%	610,223	5.8%

Source: Summit County Fiscal Officer

Note: The City is aware of the requirement to report delinquent tax collections by levy year rather than collection year. However, the County is unable to provide delinquent collections by levy year. This presentation will be updated as new information becomes available.

City of Cuyahoga Falls, Ohio
Income Tax Revenue Base and Collections
Last 10 Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes From Withholding	Percentage of Taxes From Withholding	Taxes From Net Profits	Percentage of Taxes From Net Profits	Taxes From Individuals	Percentage of Taxes From Individuals
2021	2.00%	\$ 28,640,109	\$ 19,931,892	70%	\$ 5,361,267	19%	\$ 3,346,949	12%
2020	2.00%	22,149,056	16,626,782	75%	2,449,155	11%	3,073,119	14%
2019	2.00%	23,833,437	18,074,487	76%	2,883,372	12%	2,875,579	12%
2018	2.00%	23,243,187	17,788,114	77%	2,763,623	12%	2,691,451	12%
2017	2.00%	23,940,612	17,640,902	74%	3,030,723	13%	3,268,987	14%
2016	2.00%	22,799,767	16,974,692	74%	2,739,541	12%	3,085,533	14%
2015	2.00%	22,212,557	16,405,895	74%	2,964,688	13%	2,841,974	13%
2014	2.00%	20,848,103	15,670,167	75%	2,774,059	13%	2,403,878	12%
2013	2.00%	20,116,462	15,019,091	75%	2,624,468	13%	2,472,903	12%
2012	2.00%	19,252,832	14,682,742	76%	2,172,464	11%	2,397,626	12%

(1) Income tax collections are based on cash basis amounts.

Source: The City's Income Tax Department

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Ten Largest Municipal Income Tax Withholding Accounts Tax Years 2021 and 2012

Tax Year 2021

Taxpayers	Income Tax Withholding Collections Ranking	Percent Of Income Tax Withholding Collections
Associated Bldg Supplies Inc	1	5.49%
Gojo Industries Inc	2	4.97%
Summa Western Reserve Hospital	3	4.16%
City Of Cuyahoga Falls	4	3.28%
Cuyahoga Falls Board Of Education	5	2.68%
Woodridge Local School District	6	1.66%
SWRH Physicians Inc	7	1.45%
Americhem Inc	8	1.36%
Summit County Board Of Ed	9	1.13%
Unity Health Network Llc	10	0.95%
		27.13%

Tax Year 2012

Taxpayers	Income Tax Withholding Collections Ranking	Percent Of Income Tax Withholding Collections
Go Jo Industries	1	3.72%
Summa Western Reserve Hospital	2	3.02%
City of Cuyahoga Falls	3	2.82%
Associated Materials, Inc.	4	2.81%
Cuyahoga Falls Board of Education	5	2.72%
Americhem Inc.	6	1.46%
Koosharem Corporation	7	1.37%
Woodridge Local School District	8	1.14%
Summit County Board of Education	9	1.11%
Summa Health System Hospitals	10	0.96%
		21.13%

Source: The City's Income Tax Department

**City of Cuyahoga Falls, Ohio
Ratios of Outstanding Debt To
Total Personal Income and Debt Per Capita
Last Ten Years**

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Total Personal Income	Percentage of Personal Income	Population (1)	Per Capita
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Bonds	Capital Leases					
2021	\$ 18,234,711	\$ -	\$ 526,517	\$ 9,320,518	\$ 477,292	\$ 28,559,038	\$ 1,662,073,938	1.72%	51,114	h \$ 559
2020	\$ 19,134,279	\$ -	\$ -	\$ 10,566,727	\$ 223,044	\$ 29,924,050	\$ 1,558,820,864	1.92%	49,106	h \$ 609
2019	15,773,885	-	50,586	10,302,764	292,707	26,419,942	1,454,952,888	1.82%	49,272	h \$ 536
2018	16,464,565	-	113,912	11,446,655	2,053,011	30,078,143	1,396,644,920	2.15%	49,247	g \$ 611
2017	6,062,137	-	218,685	12,593,276	4,066,260	22,940,358	1,354,690,386	1.69%	49,206	f \$ 466
2016	6,627,326	-	600,146	14,490,226	5,999,194	27,716,892	1,325,320,182	2.09%	49,146	e \$ 564
2015	7,121,208	-	771,949	15,936,579	7,867,113	31,696,849	1,321,731,390	2.40%	49,210	d \$ 644
2014	1,894,899	-	960,735	17,962,670	9,480,748	30,299,052	1,300,747,334	2.33%	49,267	d \$ 615
2013	9,366,761	-	1,264,246	19,931,127	11,156,092	41,718,226	1,288,676,919	3.24%	49,267	c \$ 847
2012	3,440,742	-	1,566,828	21,309,265	12,754,077	39,070,912	1,251,027,745	3.12%	49,255	b \$ 793

Sources:

- (1) U. S. Bureau of Census, Census of Population
 - (a) 2010 U.S. Census Bureau Estimate
 - (b) 2012 U.S. Census Bureau Estimate
 - (c) 2013 U.S. Census Bureau Estimate
 - (d) 2014 U.S. Census Bureau Estimate
 - (e) 2015 U.S. Census Bureau Estimate
 - (f) 2016 U.S. Census Bureau Estimate
 - (g) 2017 U.S. Census Bureau Estimate
 - (h) 2018 U.S. Census Bureau Estimate

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Ratio of General Obligation Bonded Debt to Estimated True Value of Taxable Property and Bonded Debt Per Capita Last Ten Fiscal Years

Fiscal Year	Population (1)	Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt Outstanding (3)			Ratio of Total Bonded Debt to Estimated True Value of Taxable Property	Total Bonded Debt per Capita
			Governmental Activities	Business-type Activities	Total Primary Government		
2021	51,114 i	\$ 3,291,321,466	18,234,711	9,320,518	27,555,229	0.84%	539
2020	49,106 h	2,978,617,861	19,134,279	10,566,727	29,701,006	1.00%	605
2019	49,272 g	2,929,913,018	15,773,885	10,302,764	26,076,649	0.89%	529
2018	49,247 f	2,892,464,851	16,464,565	11,446,655	27,911,220	0.96%	567
2017	49,206 e	2,740,527,706	6,062,137	12,593,276	18,655,413	0.68%	379
2016	49,146 d	2,730,324,209	6,627,326	14,490,226	21,117,552	0.77%	430
2015	49,210 c	2,686,089,655	7,121,208	15,936,579	23,057,787	0.86%	469
2014	49,267 c	2,726,518,112	1,894,899	17,962,670	19,857,569	0.73%	403
2013	49,267 b	2,708,737,981	9,366,761	19,931,127	29,297,888	1.08%	595
2012	49,255 a	2,705,094,394	3,440,742	21,309,265	24,750,007	0.91%	502

Sources:

(1) U. S. Bureau of Census, Census of Population

- (a) 2011 U.S. Census Bureau Estimate
- (b) 2012 U.S. Census Bureau Estimate
- (c) 2013 U.S. Census Bureau Estimate
- (d) 2015 U.S. Census Bureau Estimate
- (e) 2016 U.S. Census Bureau Estimate
- (f) 2017 U.S. Census Bureau Estimate
- (g) 2018 U.S. Census Bureau Estimate
- (h) 2019 U.S. Census Bureau Estimate
- (i) 2020 U.S. Census Bureau Estimate

(2) Summit County Fiscal Office

(3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

**City of Cuyahoga Falls, Ohio
Legal Debt Margin
Last Ten Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 125,605,018	\$ 110,149,220	\$ 108,296,463	\$ 106,931,882	\$ 101,325,679
Net debt within 10.5 % limitations	<u>19,688,898</u>	<u>18,518,397</u>	<u>15,754,873</u>	<u>16,465,669</u>	<u>6,019,802</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 105,916,120</u>	<u>\$ 91,630,823</u>	<u>\$ 92,541,590</u>	<u>\$ 90,466,213</u>	<u>\$ 95,305,877</u>
Total net debt applicable to the limit as a percentage of debt limit	15.68%	16.81%	14.55%	15.40%	5.94%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 65,793,105	\$ 57,697,210	\$ 56,726,719	\$ 56,011,938	\$ 53,075,356
Net debt within 5.5% limitations	<u>19,688,898</u>	<u>18,518,397</u>	<u>15,754,873</u>	<u>16,465,669</u>	<u>6,019,802</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 46,104,207</u>	<u>\$ 39,178,813</u>	<u>\$ 40,971,846</u>	<u>\$ 39,546,269</u>	<u>\$ 47,055,554</u>
Total net debt applicable to the limit as a percentage of debt limit	29.93%	32.10%	27.77%	29.40%	11.34%

Legal Debt Margin Calculation for Fiscal Year 2021

	Unvoted Margin <u>Within 5.5%</u>	Overall Margin <u>Within 10.5%</u>
Assessed property value	<u>\$ 1,196,238,270</u>	<u>\$ 1,196,238,270</u>
Overall debt limitation (% of assessed valuation)	\$ 65,793,105	\$ 125,605,018
Gross indebtedness	28,198,170	28,198,170
Less:		
(Self-supporting as defined in O.R.C. 133.05)		
General sewer and sanitary improvements	(420,000)	(420,000)
Water utility	(1,215,000)	(1,215,000)
Recreation facilities	(6,805,000)	(6,805,000)
Debt Service Fund Balance	(69,272)	(69,272)
Net debt within limitations	<u>\$ 19,688,898</u>	<u>\$ 19,688,898</u>
Legal debt margin within limitations	<u>\$ 46,104,207</u>	<u>\$ 105,916,120</u>

Source: City's Financial Records

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Legal Debt Margin Last Ten Fiscal Years

(Continued)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Overall debt limitation (10.5% of assessed valuation)	\$ 100,907,683	\$ 99,289,766	\$ 100,737,751	\$ 100,043,318	\$ 99,872,894
Net debt within 10.5 % limitations	<u>6,592,952</u>	<u>7,069,086</u>	<u>1,759,101</u>	<u>2,607,674</u>	<u>3,430,477</u>
Overall legal debt margin within 10.5% limitations	<u>\$ 94,314,731</u>	<u>\$ 92,220,680</u>	<u>\$ 98,978,650</u>	<u>\$ 97,435,644</u>	<u>\$ 96,442,417</u>
Total net debt applicable to the limit as a percentage of debt limit	6.53%	7.12%	1.75%	2.61%	3.43%
<hr/>					
Unvoted debt limitation (5.5% of assessed valuation)	\$ 52,856,405	\$ 52,008,925	\$ 52,767,393	\$ 52,403,643	\$ 52,314,373
Net debt within 5.5% limitations	<u>6,592,952</u>	<u>7,069,086</u>	<u>1,759,101</u>	<u>2,607,674</u>	<u>3,430,477</u>
Unvoted legal debt margin within 5.5% limitations	<u>\$ 46,263,453</u>	<u>\$ 44,939,839</u>	<u>\$ 51,008,292</u>	<u>\$ 49,795,969</u>	<u>\$ 48,883,896</u>
Total net debt applicable to the limit as a percentage of debt limit	12.47%	13.59%	3.33%	4.98%	6.56%

**City of Cuyahoga Falls, Ohio
Pledged Revenue Coverage
Last Ten Years**

SEWAGE AND DISPOSAL FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	6,621,540	5,850,125	771,415	271,000	61,172	332,172	2.32
2013	5,941,960	5,892,984	48,976	277,000	54,622	331,622	0.15
2014	6,460,514	6,481,696	(21,182)	284,000	48,284	332,284	(0.06)
2015	7,064,315	6,684,578	379,737	292,000	40,606	332,606	1.14
2016	7,967,007	7,433,436	533,571	305,000	28,926	335,926	1.59
2017	8,443,990	7,871,744	572,246	317,000	16,998	333,998	1.71
2018	8,403,385	8,273,610	129,775	161,000	4,830	165,830	0.78
2019	8,334,005	9,009,157	(675,152)	25,000	14,500	39,500	(17.09)
2020	8,672,216	7,444,594	1,227,622	30,000	14,016	44,016	27.89
2021	8,052,494	8,010,985	41,509	30,000	13,140	43,140	0.96

WATER FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	6,287,031	4,291,942	1,995,089	683,000	168,246	851,246	2.34
2013	5,997,979	4,333,335	1,664,644	707,000	145,856	852,856	1.95
2014	5,867,593	4,371,985	1,495,608	720,000	131,084	851,084	1.76
2015	5,345,330	4,219,067	1,126,263	738,000	115,309	853,309	1.32
2016	5,143,261	4,264,236	879,025	764,000	93,539	857,539	1.03
2017	5,647,624	4,746,199	901,425	785,000	69,683	854,683	1.05
2018	5,651,564	4,828,054	823,510	655,000	45,313	700,313	1.18
2019	5,276,484	5,098,159	178,325	330,000	28,100	358,100	0.50
2020	6,347,075	5,226,560	1,120,515	340,000	19,850	359,850	3.11
2021	5,977,700	3,566,569	2,411,131	395,000	51,536	446,536	5.40

Notes: Debt Service requirements are reported on a cash basis.
Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Pledged Revenue Coverage Last Ten Years

(Continued)

LEISURE TIME FUND							
Year	Operating Revenue	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2012	6,046,646	5,921,461	125,185	769,286	613,005	1,382,291	0.09
2013	5,690,602	5,947,555	(256,953)	873,148	457,140	1,330,288	(0.19)
2014	5,558,640	5,622,153	(63,513)	900,238	428,735	1,328,973	(0.05)
2015	6,642,300	959,662	5,682,638	925,873	413,952	1,339,825	4.24
2016	7,426,456	5,993,124	1,433,332	7,100,000	380,621	7,480,621	0.19
2017	7,465,484	6,179,831	1,285,653	690,000	341,541	1,031,541	1.25
2018	6,630,504	6,238,613	391,891	725,000	304,100	1,029,100	0.38
2019	6,794,450	7,091,528	(297,078)	715,000	289,775	1,004,775	(0.30)
2020	5,122,068	5,746,372	(624,304)	725,000	276,625	1,001,625	(0.62)
2021	5,963,620	3,103,484	2,860,136	745,000	263,275	1,008,275	2.84

Notes: Debt Service requirements are reported on a cash basis.

Operating revenues and expenses are reported on a GAAP basis.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2021

<u>Jurisdiction</u>	<u>Governmental Activities Debt Outstanding</u>	<u>Percentage Applicable to City (1)</u>	<u>Applicable to City</u>
Direct - City of Cuyahoga Falls			
General Obligation Bonds	\$ 18,234,711	100.00%	\$ 18,234,711
Total Direct Debt	<u>18,234,711</u>		<u>18,234,711</u>
Overlapping			
School Districts			
Cuyahoga Falls City	73,150,000	88.80%	64,957,200
Woodridge Local	30,580,062	62.02%	18,965,754
Hudson City	73,550,000	3.88%	2,853,740
Revere Local	58,510,594	0.73%	427,127
Stow-Munroe Falls City	2,290,000	0.21%	4,809
County			
Summit County	28,250,000	8.24%	2,327,800
Total Overlapping Debt	<u>266,330,656</u>		<u>89,536,430</u>
Total	<u>\$ 284,565,367</u>		<u>\$ 107,771,141</u>

Source: Ohio Municipal Advisory Council

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls, Ohio Demographic and Economic Statistics Last Ten Years

Fiscal Year	Population (1)		Total Personal Income (5)	Median Family Income (1)	Per Capita Income (1)	Unemployment Rate (3)		City Square Miles (4)	Average Sales Price of Residential Property (2)	Median Age (1)
						Summit County	State of Ohio			
2021	51,114	i	\$ 1,662,073,938	\$ 60,280	\$ 32,517	3.7%	3.6%	27.8	\$ 180,816	39.3
2020	49,106	h	1,558,820,864	57,101	31,744	5.5%	5.2%	27.8	170,641	39.3
2019	49,272	g	1,454,952,888	54,250	29,529	4.0%	3.8%	27.8	164,894	39.3
2018	49,247	f	1,396,644,920	52,936	28,360	4.7%	4.6%	27.8	151,692	39.3
2017	49,206	e	1,354,690,386	51,586	27,531	4.8%	4.5%	27.8	142,969	39.7
2016	49,146	d	1,325,320,182	50,832	26,967	5.0%	4.8%	27.8	136,924	39.7
2015	49,210	c	1,321,731,390	49,188	26,859	4.8%	4.6%	27.8	137,751	39.5
2014	49,267	c	1,300,747,334	49,438	26,402	4.9%	4.7%	27.8	138,814	39.4
2013	49,267	b	1,288,676,919	48,606	26,157	6.4%	6.6%	27.8	134,556	38.8
2012	49,255	a	1,251,027,745	46,450	25,399	6.1%	6.6%	27.8	128,421	38.8

Sources:

(1) U. S. Bureau of Census, Census of Population

- (a) 2011 U.S. Census Bureau Estimate
- (c) 2012 U.S. Census Bureau Estimate
- (c) 2013 U.S. Census Bureau Estimate
- (d) 2015 U.S. Census Bureau Estimate
- (e) 2016 U.S. Census Bureau Estimate
- (f) 2017 U.S. Census Bureau Estimate
- (g) 2018 U.S. Census Bureau Estimate
- (h) 2019 U.S. Census Bureau Estimate
- (i) 2020 U.S. Census Bureau Estimate

(2) Summit County Fiscal Office

(3) Ohio Bureau of Employment Services; U.S. Department of Labor, Bureau of Labor Statistics, Ohio Labor Market Information

(4) City Records

(5) Computation of per capita income multiplied by population

**City of Cuyahoga Falls, Ohio
Principal Employers
2020 and Ten Years Ago**

2020*

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Beachwood Services Inc	Payroll Services	1,713	6.56%
Associated Bldg Supplies Inc	Manufacturer	1,119	4.29%
Summa Western Reserve Hospitals	Hospital	1,069	4.10%
Go Jo Industries Inc	Manufacturer	947	3.63%
City of Cuyahoga Falls	Government	910	3.49%
Cuyahoga Falls Board of Education	Education	892	3.42%
Woodridge Local School District	Education	401	1.54%
Hometown Care LLC	Healthcare	400	1.53%
Summit County Board of Education	Education	397	1.52%
Midwest Homecare, Ltd	Healthcare	343	1.31%
Total		7,848	30.07%
Total Employment Within the City		26,100	

2012

<u>Employer</u>	<u>Nature of Activity</u>	<u>Employees</u>	<u>Percentage of Total City Employment</u>
Cuyahoga Falls Board of Education	Education	915	3.55%
City of Cuyahoga Falls	Government	899	3.48%
Summa Western Reserve Hospitals	Hospital	878	3.40%
B T L Payroll	Payroll Services	544	2.11%
Associated Materials	Manufacturer	541	2.10%
Woodridge Local School District	Education	504	1.95%
GMRI	Restaurant	499	1.93%
Summit County Board of Education	Education	379	1.47%
Go Jo Industries Inc.	Manufacturer	369	1.43%
The Fred W. Albrecht Company	Grocer	347	1.33%
Total		5,875	22.75%
Total Employment Within the City		25,800	

Source: City Financial Records and National Center for Education Statistics. Amounts are estimates.
Estimate for Total Employment within the City from Ohio Labor Market Information (OhioLMI.com).

* 2021 data was not available at the time this report was issued

City of Cuyahoga Falls, Ohio

Capital Asset Statistics By Function/Program Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Engineering										
Vehicles	9	9	9	9	9	9	9	10	9	8
Parking Facilities										
City Lots and Decks	14	14	14	14	14	14	14	14	14	14
Square Feet	312,467	312,467	312,467	312,467	312,467	312,467	312,467	312,467	312,467	312,467
Spaces	1,273	1,273	1,273	1,287	1,312	1,312	1,312	1,312	1,312	1,312
Recreation Lots	27	27	27	27	27	27	26	25	25	25
Square Feet	700,560	700,560	700,560	700,560	700,560	700,560	694,023	644,237	644,237	644,237
Spaces	2,010	2,010	2,010	2,010	2,010	2,010	1,995	1,955	1,955	1,955
Building and Grounds										
Vehicles	3	3	22	39	39	38	41	42	39	40
Stations	1	1	1	1	1	1	1	1	1	1
Grounds Maintenance										
Vehicles	11	11	6	16	14	14	13	13	12	13
Police										
Vehicles	38	41	39	39	39	38	41	42	39	40
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Vehicles	27	29	28	28	28	27	29	27	27	28
Stations	5	5	5	5	5	5	5	5	5	5
Recreation										
Number of Parks	24	24	24	24	24	24	24	24	24	24
Vehicles	33	32	28	31	22	25	36	38	38	37
Number of Tennis Courts	10	10	10	8	8	8	8	8	8	8
Number of Baseball Diamonds	30	30	30	35	35	35	35	35	35	35
Recreation Center	1	1	1	1	1	1	1	1	1	1
Golf Courses	1	1	1	1	1	1	1	1	1	1
Acres of City Parks	507	507	507	507	507	507	507	507	507	507
Swimming Pools	12	12	12	12	12	12	12	12	12	12
Community Development										
Vehicles	3	3	3	3	4	4	4	4	4	4
Information Services										
Vehicles	5	5	5	6	6	6	6	6	6	6
Highways and Streets										
Streets (miles)	238.02*	237.23*	241.87*	241.43*	241.43*	234.02*	234.02*	233.52*	233.03*	232.58*
Streetslights	6,075	6,074	6,019	5,977	6,006	6,214	5,965	5,919	5,898	5,637
Traffic Signals	93	80	80	79	79	79	79	79	72	72
Vehicles	44	44	42	37	40	36	55	53	52	53
Sewer										
Sanitary Sewer Lines (miles)	165	168	151	151	152	152	152	152	152	152
Storm Sewer Lines (miles)	151	151	151	151	152	152	160	160	151	151
Vehicles	12	12	13	11	13	12	11	13	13	13
Water										
Water Mains (miles)	227.85	236	200	200	200	200	200	200	200	200
Fire Hydrants	2,230	2,117	2,117	2,117	2,114	2,117	2,114	2,114	2,114	2,114
Vehicles	15	15	17	15	15	16	19	19	20	20
Electric										
Substations	13	13	13	13	13	13	13	13	13	13
Miles of Service Lines	346	346	343	340	339	339	339	339	336	335
Vehicles	27	32	30	27	29	27	33	28	26	27
Sanitation										
Vehicles	25	27	25	23	22	24	27	25	22	22
Number of Routes	7	7	7	7	7	7	7	9	9	7
Garage										
Vehicles	5	5	6	6	4	4	2	4	4	5
Utility Billing										
Vehicles	4	3	3	3	3	3	2	1	1	1

Source: City Departments

**City of Cuyahoga Falls
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
General Government										
Council	6	6	6	6	6	6	6	6	6	6
Mayor	2	2	2	2	2	2	2	2	2	2
Mayor's Court	1	2	2	2	2	2	1	2.5	2.5	2.5
Finance	2	7.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Law Director	8	7.5	7	6.5	7.5	7	7.5	7.5	7.5	6
Service Director	8	2	3	3	2	3	3	4	4	4
Civil Service	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Engineering	10	10	10	10	10	10	10	10	10	10
HR	3	3	3	3	3	3	3	3	3	3
Building & Grounds	8.5	8.5	8.5	12.5	10	8.5	8	9	9	8
NECCO	4	4	4	4						
Income Tax	2	2	2	2	3.5	4	4.5	3.5	4	4
Information Services	8	8	8	8	8	7	7	7	8	8
Security of Persons & Property										
Police	78.5	76	80.5	77.5	79.5	79	79.5	74.5	77.5	78
Crossing Guards	0	0	0	0.5	1	1.5	1.5	3	2	2
Fire	73.5	75.5	75.5	74.5	73.5	75.5	75.5	72.5	75.5	72.5
Technical Services	4	4	4	4	4	4	4	4	4	4
Communications	8	13	13	12.5	13	14.5	13.5	14.5	13.5	13
Community Environment										
Community Development	8	8	8.5	8	11.5	13.5	13	10.5	12	12
Leisure Time										
Parks & Recreation	110.5	115	151.5	132.5	123.5	130.5	132	131.5	127	132
Transportation										
Streets	32	31	28	29	28	25.5	26	27	27	27
Storm Water	2.5	1.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Sewage and Disposal	11.5	12.5	12.5	13	13	13	12.5	12	12	12
Water	20.5	19.5	20.5	19.5	19.5	20.5	20	20.5	20	20
Electric	49.5	49	46.5	49	45	43	45	44.5	42	42
Sanitation	17.5	17.5	17	14.5	17.5	18.5	19	17	14.5	16.5
Garage	7	7	8	8	8	7	7	7	5.5	6.5

Notes:

All part-time employees and City Council Members were counted as .5 full-time equivalents for the purposes of this table.

Effective January 1, 2009, the Municipal Courts and Clerk of Courts moved to Stow, Ohio. Due to this move, a Mayor's Court was created.

A Communications Division was created in 2009 when dispatching functions were separated from policing functions.

Effective January 1, 2012, The City's Building Department merged with Summit County's Building Department. The City's Building Department employees then became employees of Summit County.

Source: Sick Leave Accrual Hours Register from last pay of each year indicated.

City of Cuyahoga Falls, Ohio

City of Cuyahoga Falls Operating Indicators by Function/Program Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Policepersons and Officers	70	68	71	70	71	72	73	70	70	71
Total Calls	34,334	33,157	38,375	37,547	35,534	36,044	33,812	29,221	28,608	28,291
Criminal Charges	235	265	379	412	455	487	434	466	573	467
Traffic Citations	5,623	5,684	5,164	5,094	7,914	6,699	6,108	5,843	9,655	8,527
Fire										
Firefighters and Officers	70	73	73	73	71	73	73	70	73	74
Total Calls	9,588	8,621	8,892	8,892	8,553	8,375	8,377	7,778	7,677	7,836
Inspections	659	71	1,715	1,713	1,730	1,715	1,899	1,310	1,039	1,082
Smoke Detectors Installed	234	85	50	194	200	120	138	224	297	297
Highways and Streets										
Potholes repaired	6,620	8,332	12,580	13,026	11,467	6,128	16,930	18,028	5,646	8,331
Rock Salt Used (Tons)	6,218	5,144	6,802	7,851	11,781	9,024	13,683	13,613	8,796	4,897
Senior Snow Watch Participants	48	49	46	49	53	38	32	29	0*	0*
Leaf Program (Cubic Yards)	10,060	12,015	11,040	12,320	12,080	14,615	15,040	14,120	12,120	16,160
Recreation										
Brookledge-Number of Rounds	40,458	30,088	34,530	31,578	32,507	32,071	32,084	32,498	35,835	37,655
Waterworks-Daily Admissions	18,000	43,763	69,741	63,930	63,704	68,473	78,775	64,532	61,604	88,814
Natatorium-Daily Admissions	23,211	15,700	687,652	710,242	721,918	723,521	704,736	644,182	634,459	686,254
Water										
Average Daily Pumped (Gallons)	5550000	5410000	5336000	5190000	4494808	5343000	5300000	5120000	5482000	5682000
Water Main Breaks	52	61	87	104	72	65	96	113	84	64
New Water Taps	75	73	117	38	174	110	137	122	68	26
Sewer										
Average Daily Sewage Transportation (Gallons)	1610130	4715744	4810000	4300000	4633092	5479000	5400000	4400000	4460000	4350000
Sanitary Sewers Cleaned (Feet)	20,803	8,105	8,725	17,940	18,462	51,602	51,602	52,744	91,832	100,300
Storm Sewers Cleaned (Feet)	400	500	980	825	700	1,500	1,500	650	2,812	2,658
Electric										
Average Daily Consumption (in KWH)	1113889	1103120	1128981	1206649	1246119.8	1157910	1178000	1258890	1262680	1284044
Light Bulbs Issued	0	1,601	1,725	636	1,005	1,394	2,656	2,046	1,791	2,164
Green Energy Participants	183	173	154	154		180	127	156	173	192
Sanitation										
Refuse Collected (tons/year)	17,381	17,372	16,425	16,065	15,815	15,449	15,348	15,562	15,144	15,217
Recyclables collected (tons/year)	3,390	4,407	4,497	4,821	5,093	5,038	5,052	4,301	3,952	3,887
Yardwaste Collected (tons/year)	3,852	3,753	3,865	3,164	2,984	3,038	3,550	3,468	2,049	1,753

Note: N/A indicates that data is not available.

* Senior Snow Watch Program ended in 2011 and restarted in January of 2014 with new restrictions for eligible residents.

** Building Department outsourced to Summit County January 1, 2011.

Source: City records

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

SINGLE AUDIT REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

James G. Zupka, CPA, Inc.
Certified Public Accountants

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

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**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Number	Amount Passed Through to Subrecipient	Total Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Programs</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	2014	\$ 0	\$ 103,014
Community Development Block Grants/Entitlement Grants	14.218	2018	3,750	9,067
Community Development Block Grants/Entitlement Grants	14.218	2019	3,505	227,667
Community Development Block Grants/Entitlement Grants	14.218	COVID-CV	0	232,443
Community Development Block Grants/Entitlement Grants	14.218	2020	38,675	95,666
Community Development Block Grants/Entitlement Grants	14.218	2020	0	141,318
Community Development Block Grants/Entitlement Grants	14.218	2021	134,532	330,855
Total U.S. Department of Housing and Urban Development			<u>180,462</u>	<u>1,140,030</u>
<u>U.S. Department of Justice</u>				
<i>Direct Program</i>				
Bulletproof Vest Partnership Program	16.607	RMR-IV	0	2,055
<i>Passed Through the Institute for Intergovernmental Research</i>				
Comprehensive Opioid Abuse site-Based Program	16.838	2017-AR-BX-K003	0	99,774
Total U.S. Department of Justice			<u>0</u>	<u>101,829</u>
<u>U.S. Department of Transportation</u>				
<i>Passed Through the Ohio Department of Transportation (ODOT)</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	PID 107374	0	33,761
Highway Planning and Construction	20.205	PID 108084	0	458,862
Highway Planning and Construction	20.205	PID 108908	0	392,000
Total Highway Planning and Construction Cluster			<u>0</u>	<u>884,623</u>
<i>Passed Through the Ohio Traffic Safety Office</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	N/A	0	7,622
Total Highway Safety Cluster			<u>0</u>	<u>7,622</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	0	11,754
Total U.S. Department of Transportation			<u>0</u>	<u>903,999</u>
<u>U.S. Department of the Treasury</u>				
<i>Passed through Ohio Department of Commerce</i>				
Coronavirus Relief Fund	21.019	N/A	0	2,500
Total U.S. Department of Treasury			<u>0</u>	<u>2,500</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 180,462</u>	<u>\$ 2,148,358</u>

See notes to the Schedule of Expenditures of Federal Awards.

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Cuyahoga Falls under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Cuyahoga Falls, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Cuyahoga Falls.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

The City of Cuyahoga Falls has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: SUBRECIPIENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note 2 describes, the City reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE 5: MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

NOTE 6: COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RFL) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans, but are not included as expenditures on the Schedule.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2021 is as follows:

Beginning loans receivable balance as of January 1, 2021	\$ 2,682,954
Loans made	100,469
Loan Principal repaid	(186,354)
Loan principal write-offs	<u>(128,042)</u>
Ending loans receivable balance as of December 31, 2021	<u>\$ 2,469,027</u>
Cash balance on hand in the Revolving Loan Fund as of December 31, 2021	<u>\$ 221,554</u>

The table above reports gross loans receivable.

JAMES G. ZUPKA, C.P.A., INC.

*Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125*

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of City Council
City of Cuyahoga Falls
Cuyahoga Falls, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cuyahoga Falls, Summit County, Ohio, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we considered a material weakness as item **2021-001**.

Report on Compliance and Other Matters

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

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 30, 2022

JAMES G. ZUPKA, C.P.A., INC.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER
COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Members of City Council
City of Cuyahoga Falls
Cuyahoga Falls, Ohio

The Honorable Keith Faber
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Cuyahoga Falls, Summit County, Ohio's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Cuyahoga Falls complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted an audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Cuyahoga Falls, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Cuyahoga Falls's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the City of Cuyahoga Falls's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Cuyahoga Falls's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Cuyahoga Falls's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Cuyahoga Falls's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City of Cuyahoga Falls's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Cuyahoga Falls's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 30, 2022, which contained unmodified opinions on those financial statements, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



James G. Zupka, CPA, Inc.
Certified Public Accountants

June 30, 2022

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinions	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list): Community Development Block Grant - CFDA #14.218	
2021(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2021(ix)	Low Risk Auditee?	No

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

2. **FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding No. 2021-001 – Material Weakness – Financial Reporting

Statement of Condition/Criteria

Financial reporting is the responsibility of the City’s Finance Department and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Per Auditor of State Bulletin 2015-007, auditors will inspect the Hinkle filing system to determine whether amounts reported agree with the entity’s underlying accounting records and include and all the required components.

During our review of the financial statements submitted in the Hinkle System, we noted the following:

- Unearned Revenue was understated by \$8,246,939 for the Local Fiscal Recovery Fund and Governmental Activities
- Intergovernmental Revenue was overstated by \$8,246,939 for the Local Fiscal Recovery Fund and Governmental Activities
- Deferred Inflows of Resources for OPEB and related expenses were understated by \$477,396 for the internal service funds and Governmental Activities

As a result, audit adjustments have been proposed and made to correct the financial statements for fiscal year 2021.

In addition, adjustments were made to the long-term obligations at year end reported in the Hinkle filing system. This had no effect on the financial statements.

Cause/Effect

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decrease the reliability of financial data at year end.

Recommendation

We recommend that the City implement controls and procedures related to financial reporting that enables management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

City’s Response

The City’s management takes financial reporting very seriously. However, due to the many changes made by the Governmental Accounting Standards Board since the early part of this century, we find compliance with these changes very overwhelming for the financial staff size we employ. For the comment related to recording unspent grant receipts, as unearned revenue, we feel the treatment of unspent/unallocated grant funds could have been better communicated by the federal government and the Auditor of the State of Ohio. Regarding the under-recording of deferred inflows of resources OPEB and related expenses, this was a mistake by our consultant. We understand that we are responsible for financial reporting and we do the majority of financial statements in house, but will review the work of consultants more closely in the future.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**CITY OF CUYAHOGA FALLS
SUMMIT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021**

The prior audit report, as of December 31, 2020, included no citations of instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF CUYAHOGA 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 9/15/2022

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