

VILLAGE OF REMINDERVILLE

SUMMIT COUNTY

Regular Audit

For the Year Ended December 31, 2020



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPARepor@ohioauditor.gov
(800) 282-0370

Members of Council
City of Reminderville
3382 Glenwood Blvd.
Reminderville, Ohio 44202

We have reviewed the *Independent Auditor's Report* of the City of Reminderville, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 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 Reminderville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 18, 2022

This page intentionally left blank.

Village of Reminderville
Summit County
For the Year Ended December 31, 2020

Table of Contents

Title	Page
Independent Auditor’s Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2020.....	4
Combined Statement of Additions, Deductions, and Changes In Fund Balance (Regulatory Cash Basis – Fiduciary Fund Type – For the Year Ended December 31, 2020.....	5
Notes to the Financial Statements – For the Year Ended December 31, 2020	6
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Schedule of Findings	18
Schedule of Prior Audit Findings (Prepared by Management)	19
Corrective Action Plan (Prepared by Management).....	20

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Village of Reminderville
Summit County
3382 Glenwood Boulevard
Reminderville, Ohio 44202

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type, and related notes of the Village of Reminderville, Summit County, (the Village) as of and for the year ended December 31, 2020.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020, and the respective changes in financial position, thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

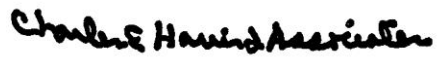
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type as of and for the year ended December 31, 2020 and related notes of the Village in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 15 to the financial statements, the Village made several changes to its reporting model. As discussed in Note 16 to the financial statements, the Village status was changed to a City on September 21, 2021. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2022, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 18, 2022

Village of Reminderville
Summit County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 288,627	\$ 408,954	\$ -	\$ -	\$ 697,581
Municipal Income Tax	1,883,917	956,748	-	-	2,840,665
Intergovernmental	129,407	1,898,740	-	-	2,028,147
Special Assessments	81,503	-	-	-	81,503
Charges for Services	5,604	502,599	-	-	508,203
Fines, Licenses and Permits	73,617	5,398	-	-	79,015
Earnings on Investments	2,636	-	17,532	251	20,419
Miscellaneous	52,023	208,491	-	-	260,514
<i>Total Cash Receipts</i>	2,517,334	3,980,930	17,532	251	6,516,047
Cash Disbursements					
Current:					
Security of Persons and Property	1,144,236	1,273,920	-	-	2,418,156
Public Health Services	50	1,915	-	-	1,965
Leisure Time Activities	-	1,003,598	-	-	1,003,598
Community Environment	81,380	-	-	-	81,380
Basic Utility Services	64,200	92,100	-	-	156,300
Transportation	182,615	245,091	-	-	427,706
General Government	488,469	231,087	-	-	719,556
Capital Outlay	-	366,314	-	41,871	408,185
Debt Service:					
Principal Retirement	-	181,454	7,982	-	189,436
Interest and Fiscal Charges	-	174,711	21,046	-	195,757
<i>Total Cash Disbursements</i>	1,960,950	3,570,190	29,028	41,871	5,602,039
<i>Excess of Receipts Over (Under) Disbursements</i>	556,384	410,740	(11,496)	(41,620)	914,008
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	31,121	-	-	-	31,121
Transfers In	-	575,000	17,463	-	592,463
Transfers Out	(67,463)	(525,000)	-	-	(592,463)
Advances In	50,000	250,000	-	-	300,000
Advances Out	(50,000)	(250,000)	-	-	(300,000)
Other Financing Sources	-	-	-	2,408	2,408
Loan Proceeds	-	-	-	32,616	32,616
<i>Total Other Financing Receipts (Disbursements)</i>	(36,342)	50,000	17,463	35,024	66,145
Special Item	-	59,848	-	-	59,848
<i>Net Change in Fund Cash Balances</i>	520,042	520,588	5,967	(6,596)	1,040,001
<i>Fund Cash Balances, January 1</i>	1,599,396	1,162,971	498,195	76,263	3,336,825
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,119,438</u>	<u>\$ 1,683,559</u>	<u>\$ 504,162</u>	<u>\$ 69,667</u>	<u>\$ 4,376,826</u>

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

Village of Reminderville
Summit County
*Combined Statement of Additions, Deductions
and Changes in Fund Balance (Regulatory Cash Basis)*
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Property and Other Local Taxes	\$ 3,105,421
Charges for Services	20,528
Fines, Licenses and Permits	1,948
<i>Total Operating Cash Receipts</i>	3,127,897
Deductions	
Distributions as Fiscal Agent	171,270
Distributions to Other Governments	2,903,434
Distributions of Deposits	26,900
Distributions on Behalf of Employees	29,673
Other Distributions	4,500
<i>Total Operating Cash Disbursements</i>	3,135,777
<i>Net Change in Fund Cash Balance</i>	(7,880)
<i>Fund Cash Balances, January 1</i>	224,903
<i>Fund Cash Balances, December 31</i>	\$ 217,023

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

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Reminderville (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large, each with four-year terms. The Mayor is elected to a four-year term and serves as the chief executive officer without a vote on Council. The Village provides general government services, maintenance of Village roads and bridges, park operations, police protection services, and fire and emergency rescue services.

Jointly Governed Organization

The Village participates in the Twinsburg Township-Village of Reminderville Joint Economic Development District (JEDD) with Twinsburg Township, a jointly governed organization. Note 11 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Parks and Recreation Fund The parks and recreation fund accounts for and reports the receipt of fees charged to patrons of the Reminderville Athletic club, bond proceeds for the construction of that facility, and other permits and rental fees for park property restricted for the purpose of improving and maintaining various Village park and recreation facilities.

Joint Economic Development District Fund The joint economic development district fund accounts for and reports the receipt of income tax allocated to the Village by the Twinsburg Township-Village of Reminderville JEDD restricted for projects specific to the economic development of the Village.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Fire Income Tax Fund The fire income tax fund accounts for and reports the receipt of municipal income taxes for the purpose of providing fire protection services to Village residents.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Ohio Public Works Fund The Ohio public works fund accounts for and reports the receipt of transfers committed for the purpose of debt service payments.

RAC DSR Fund The RAC DSR fund accounts for and reports the receipt of earnings on investments committed for the purpose of debt service payments.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project funds:

California Street Fund The California street project fund accounts for and reports the receipt of grants and loan proceeds restricted for the completion of the California Street project.

RPD and RSD Renovation Project The RPD and RSD Renovation Project fund accounts for and reports the receipts restricted for the completion of the RPD and RSD renovation project.

Fiduciary Funds Fiduciary funds include custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for JEDD Board activity and contractor/developer deposits.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is 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.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Committed Council can commit amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The Village 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,396,038	\$ 2,548,455	\$ 152,417
Special Revenue	3,633,316	4,615,778	982,462
Debt Service	17,463	34,995	17,532
Capital Projects	500	35,275	34,775

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,558,821	\$ 2,096,604	\$ 462,217
Special Revenue	5,050,583	4,280,174	770,409
Debt Service	20,150	29,028	(8,878)
Capital Projects	51,603	41,871	9,732

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (continued)

Compliance

Contrary to Ohio law, appropriation authority exceeded total certified resources in the Fire Income Tax fund by \$35,997, the Bullet Proof Vest fund for \$3,187, the JEDD Projects fund by \$130,868, the Road and Bridge fund by \$20,279, the Ambulance/EMS fund by \$20,198, and the California Street fund by \$25,344 for the year ended December 31, 2020.

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2020</u>
Demand deposits	\$4,593,849

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes (continued)

Income Taxes

The Village levies a municipal income tax of 1.5% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials and law enforcement;
- Inland marines;
- Crime:
- Boiler and machinery
- Vehicles; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years and coverage limits have not been significantly reduced from the previous year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most of the Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

All of the Village’s full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Social Security

All of the Village’s part-time fire fighters contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020, OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 777,700	4.13%
Street Improvement Bonds	430,000	3.00 - 4.75%
OPWC Loans	439,618	0.00 - 1.00%
Geis Bond Anticipation Notes	<u>1,814,686</u>	3.51 - 4.63%
Total	<u>\$3,462,004</u>	

The repayment of the general obligation bonds will be supported by the full faith and credit of the Village and is payable from the Village’s JEDD proceeds.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

The Village executed a promissory note on July 1, 2004 with the Ohio Public Works Commission (OPWC) for the slip lining of culverts on Clipper Cove, replacement of an existing culvert on Glenwood Boulevard and replacement of existing pavement on Glenwood Boulevard and California Street. The loan is to be repaid with general revenues of the Village.

During 2010, the Village issued Bond Anticipation Notes (BANs) totaling \$1,994,827 including a discount amount of \$25,514. The notes were issued for the purpose of financing roadway improvements, equipment purchases, land acquisition, parking lot resurfacing, and other various upgrades. The Village intends to repay this note with the Village’s JEDD proceeds.

During 2019, the Village executed a promissory note with the OPWC for a portion of the California Street Repair and Replacement Project. The loan is to be repaid with general revenues of the Village. The loan was restricted by OPWC and reduced by \$220,250 to the finalized amount of \$299,400.

Leases

The Village leases a vehicle and other equipment under non-cancelable leases. The Village disbursed \$616,827 to pay lease costs for the year ended December 31, 2020. The balance of the leases at December 31, 2020 totaled \$7,679,613.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Leases	OPWC Loans	General Obligation Bonds	Street Improvement Bonds	Geis General Obligation Notes
2021	\$ 588,439	\$ 47,228	\$ 70,580	\$ 55,650	\$ 145,408
2022	531,065	47,228	70,592	59,075	172,994
2023	480,750	47,228	70,538	57,275	150,810
2024	480,750	47,228	70,592	55,275	139,432
2025-2029	2,403,750	227,409	352,758	270,313	771,101
2030-2034	2,403,750	29,766	353,012	52,375	788,487
2035-2039	2,403,750	-	70,597	-	304,535
2040-2044	2,403,750	-	-	-	-
2045-2049	240,375	-	-	-	-
	<u>\$ 11,936,379</u>	<u>\$ 446,087</u>	<u>\$ 1,058,669</u>	<u>\$ 549,963</u>	<u>\$ 2,472,767</u>

Note 10 – Contingent Liabilities

The Village is a defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Jointly Governed Organizations

The Village participates in the Twinsburg Township-Village of Reminderville Joint Economic Development District (the JEDD), which is a statutorily created subdivision of the State. The purpose of the JEDD is 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 Village and the Township. The jointly governed organization is considered a separate reporting entity by the Village’s management, however, as the JEDD’s fiscal agent, the activity in the agency fund has been included in the accompanying financial statements.

The Board of Directors of the JEDD consists of six members. Three members are appointed by the Mayor of the Village and three members are appointed by the Township’s Board of Trustees. The District levies an income tax at 1.5% in the District which is collected by the Regional Income Tax Authority and remitted to the Village of Reminderville as fiscal agent for the JEDD. The JEDD retains up to 3% of the income tax revenues to operate the District. Revenues in excess of the expense are disbursed to the Village (30%) and the Township (70%).

Note 12 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 68,191	\$ 184,984	\$ 253,175

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Transfers

Transfers were made from the General Fund to the Ohio Public Works Loan, and the Parks and Recreation funds to subsidize operations and to make debt service payments. These transfers were made in accordance with the Ohio Revised Code.

Note 14 – COVID-19

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

During 2020, the Village received \$ 125,002 as an on-behalf of grant from Summit County. These amounts are recorded in the Summit County COVID-19 Payroll Grant Fund.

Village of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – Change in Accounting Principle

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statements of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There were no effects on the beginning fund balance.

Note 16 – Subsequent Event

On September 21, 2021, a proclamation of City status was issued by the Ohio Secretary of State as required by Ohio Revised Code 703.06. This proclamation of City status was due to the municipality having a population of more than five thousand persons per the 2020 Federal Census.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

5510 Pearl Road Ste 102

Parma, OH 44129-2527

Phone - (216) 575-1630

Fax - (216) 436-2411

**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**

Village of Reminderville
Summit County
3382 Glenwood Boulevard
Reminderville, Ohio 44202

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type of the Village of Reminderville, Summit County (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated July 18, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We also noted the change in reporting model and the change in the Village's status to a City in 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village'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 Village'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Village of Reminderville

Summit County

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*

Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2020-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 18, 2022.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Village's response and, accordingly, we express no opinions on it.

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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.

July 18, 2022

Village of Reminderville
Summit County
Schedule of Findings
December 31, 2020

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
--

Finding Number: 2020-001 – Noncompliance

Appropriations Exceeding Certified Resources

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. During 2020, appropriations exceeded estimated resources in the following funds:

- Fire Income Tax Fund by \$35,997
- Bullet Proof Vest Fund by \$3,187
- JEDD Projects Fund by \$130,868
- Road and Bridge Fund by \$20,279
- Ambulance/EMS Fund by \$20,198
- California Street Fund by \$25,344

We recommend that the Village monitor its budget closely to prevent appropriations from exceeding estimated resources. Also, we recommend that the Village ensure that certification of estimated resources is updated throughout the year if additional resources are expected to be received and/or expended during the year.

Management’s Response:

See Corrective Action Plan.

City of Reminderville
Summit County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Audit Adjustments and Reclassifications.	Partially Corrected	
2019-002	Appropriations Exceeding Estimated Resources.	Not Corrected	

Village of Reminderville
Summit County
Corrective Action Plan
(Prepared by Management)
December 31, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The County Auditor approved numbers did not match our final appropriation and estimated resource measures passed by Council. We will address this issue in the future and ensure that the Certificates approved by the County Auditor are accurate.	Immediately	Deborah Wordell, Fiscal Officer

CITY OF REMINDERVILLE

SUMMIT COUNTY

Regular Audit

For the Year Ended December 31, 2021



City of Reminderville
Summit County
For the Year Ended December 31, 2021

Table of Contents

Title	Page
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position.....	15
Statement of Activities.....	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget (Non-GAAP Budgetary Basis) and Actual:	
General Fund.....	21
Fire Income Tax Fund.....	22
Road Levy Fund.....	23
Statement of Fiduciary Net Position – Custodial Funds.....	24
Statement of Changes in Fiduciary Net Position – Custodial Funds.....	25
Notes to the Basic Financial Statements.....	27
Required Supplementary Information	74
Notes to the Required Supplementary Information.....	88

City of Reminderville
Summit County
For the Year Ended December 31, 2021

Table of Contents

Title	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	90
Schedule of Findings	92
Schedule of Prior Audit Findings (Prepared by Management)	93
Corrective Action Plan (Prepared by Management).....	94

Charles E. Harris & Associates, Inc.

Certified Public Accountants

5510 Pearl Road Ste 102

Parma, OH 44129-2527

Phone - (216) 575-1630

Fax - (216) 436-2411

INDEPENDENT AUDITOR'S REPORT

City of Reminderville
Summit County
3382 Glenwood Blvd
Reminderville, OH 44202

To the City Council:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Reminderville, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Reminderville, Summit County, Ohio as of December 31, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Fire Income Tax, and Road Levy funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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*, 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 opinion.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the City. Also, as discussed in Note 3 to the financial statements, the City changed its accounting basis to accounting principles generally accepted in the United States of America. We did not modify our opinion regarding these matters.

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 opinion. 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.

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.

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 other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2022, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.



Charles E. Harris & Associates, Inc.
July 14, 2022

This page intentionally left blank.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The discussion and analysis of the City of Reminderville's ("the City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are:

- On September 21, 2021, a proclamation of City status was issued by the Ohio Secretary of State as required by Ohio Revised Code 703.06. This proclamation of City status was due to the municipality having a population of more than five thousand persons per the 2020 Federal Census. Due to the change in status from a Village to a City, the City is now required to report on an accrual basis for the first time starting in 2021. See Note 3 for further detail on the restatement.
- General revenues accounted for \$4,067,401 or 64% of total governmental activities revenue. Program specific revenues accounted for \$2,250,533 or 36% of total governmental activities revenue.
- The City's major funds include the General Fund, the Fire Income Tax Fund and the Road Levy Fund. The General Fund had revenues and other financing sources of \$4,377,711 and expenditures and other financing uses of \$3,620,498 during 2021. The net increase to the balance of the General Fund was \$757,213 or 26%. The Fire Income Tax Fund had revenues of \$1,039,563 and expenditures of \$953,844. The net increase of the Fire Income Tax Fund was \$85,719 or 22%. The Road Levy Fund had revenues of \$469,000 and expenditures of \$720,767. The net decrease of the Road Levy Fund was \$251,668 or 57%.
- The City's 2021 and 2022 budgets are aggressive in addressing capital and infrastructure needs, specifically in regards to road, culvert and storm sewer replacement.
- The City retains an AA- stable, Standard and Poor's financial rating, indicating a very strong capacity to meet its financial commitments.

Overview of the Financial Statements

This 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 private-sector business. The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements look at the City's most significant funds with all other nonmajor funds presented in one total column.

The *Statement of Net Position* presents information on all of the City's assets and deferred outflows of resources and 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 City'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 the cash flows*. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found starting on page 15 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, proprietary, and fiduciary funds. The City does not have any proprietary 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 the *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 decisions. 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*.

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, the Fire Income Tax Fund, and the Road Levy Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The basic governmental fund financial statements can be found on pages 17-23 of this report.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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 statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Custodial funds are the City's only fiduciary fund type.

The basic fiduciary fund financial statements can be found on page 24-25 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential for 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 27-73 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements are the required supplementary information and notes to the required supplementary information related to the net pension liability, net pension asset, net OPEB liability, and net OPEB asset. This information can be found on pages 74-89 of the report.

Government-Wide Financial Analysis

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

These two statements report the City's net position and the changes in net position. The change in net position is important because it tells the reader whether the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated. The Statement of Net Position and the Statement of Activities are divided into the following categories:

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

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

The City of Reminderville as a Whole

Recall that the Statement of Net Position looks at the City as a whole. The following table provides a summary of the City's net position for 2021. The City was not previously required to file on a GAAP basis, therefore there is no comparison to 2020 available.

Table 1

	Governmental Activities
	2021
ASSETS	
Current and Other Assets	\$ 8,115,517
Capital Assets, Net	37,611,886
Net Pension and OPEB Assets	94,066
Total Assets	45,821,469
 DEFERRED OUTFLOWS OF RESOURCES	
Pension	392,687
OPEB	181,177
Total Deferred Outflows of Resources	573,864
 LIABILITIES	
Current and Other Liabilities	333,174
Long-term Liabilities:	
Due Within One Year	483,981
Due in More than One Year:	
Net Pension Liability	2,153,031
Net OPEB Liability	212,833
Other Amounts	10,460,054
Total Liabilities	13,643,073
 DEFERRED INFLOWS OF RESOURCES	
Property Taxes	658,922
Pension	603,371
OPEB	471,929
Total Deferred Inflows of Resources	1,734,222
 NET POSITION	
Net Investment in	
Capital Assets	26,913,075
Restricted	2,182,349
Unrestricted	1,922,614
Total Net Position	\$ 31,018,038

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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

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/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

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

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

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

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

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

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/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$31,018,038 at the close of 2021.

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

In order to further understand what makes up the changes in net position for the current year, the table on the next page gives readers further details regarding the results of activities for the current year. The City was not previously required to file on a GAAP basis, therefore there is no comparison available to 2020.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Table 2

	Governmental Activities
	2021
REVENUES	
Program Revenues:	
Charges for Services	\$ 739,143
Operating Grants and Contributions	1,462,782
Capital Grants and Contributions	48,608
Total Program Revenues	2,250,533
General Revenues:	
Property Taxes	803,401
Municipal Income Taxes	3,017,584
Grants and Entitlements	241,871
Investment Income	756
All Other Revenues	3,789
Total General Revenues	4,067,401
Total Revenues	6,317,934
EXPENSES	
Program Expenses:	
Security of Persons and Property	2,196,810
Public Health Services	2,923
Leisure Time Activities	637,256
Community Environment	36,917
Basic Utility Services	23,470
Transportation	1,685,336
General Government	697,747
Interest and Fiscal Charges	419,213
Total Expenses	5,699,672
Change in Net Position	618,262
Net Position - Beginning of Year, Restated	30,399,776
Net Position - End of Year	\$ 31,018,038

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Governmental Activities

Governmental activities net position increased \$618,262 in 2021. The three primary general revenue sources of governmental activities are municipal income taxes, property taxes and intergovernmental revenues. Security of persons and property, which primarily supports the operations of the fire and police departments, accounted for \$2,196,810 of the total expenses of the City in 2021. These expenses were partially funded by \$739,143 and \$1,462,782 in direct charges to users of the services and operating grants and contributions, respectively. General revenues accounted for \$4,067,401 or 64% of total governmental activities revenue. Revenues primarily consist of property and income tax revenue of \$3,820,985.

Financial Analysis of the Government's Funds

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resource available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 17. These funds are accounted for using the modified accrual basis of accounting.

The General fund balance increased \$757,213 due to revenues exceeding expenditures.

The Fire Income Tax fund balance increased slightly by \$85,719.

The Road Levy fund balance decreased \$251,668 due to road project expenses in 2021.

General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During 2021, the City amended its General Fund budget on various occasions. All recommendations for budget changes come to the Mayor and Council President for review before going to the whole Council for Ordinance enactment on the change. The legal level of budgetary control is at the department level, with the exception of personnel costs, which remain at the object level of control.

For the General Fund, original and final budgeted revenues and other financing sources were \$2,247,513 and \$2,264,992 respectively. Actual revenues and other financial sources were \$2,776,403. The main differences between budgeted and actual revenues are municipal income tax revenues. Original General Fund budgeted expenditures and other financing uses were \$2,053,810 and the final amended budget was \$2,491,367. Actual General Fund expenditures and other financing uses were \$2,350,203 or \$141,164 less than budgeted due to the careful oversight of department heads, spending less than originally estimated in all programs of the General Fund.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental activities as of December 31, 2021, amounts to \$37,611,886 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and infrastructure.

Table 3

	Governmental Activities	
	2021	2020
Land	\$ 1,571,390	\$ 1,571,390
Construction in progress	88,242	-
Buildings	10,347,276	10,759,914
Equipment and Furniture	605,046	591,807
Vehicles	925,110	952,598
Infrastructure	24,074,822	24,721,640
Total	\$ 37,611,886	\$ 38,597,349

The City is committed to maintaining its assets. Equipment is planned for well in advance by the respective department heads and a scheduled maintenance plan is followed to provide for extended useful life. The City's engineering department maintains a comprehensive listing of all streets, culverts, and storm sewers in the City limits. The engineers evaluate the condition of the roads and other infrastructure after each winter and prepare a list for repair and replacement needs. After approval from City Council, the projects are bid in early spring, seeking the best possible pricing from contractors. The road program has historically been paid for out of the Road Levy Fund, supplemented by the General Fund. To better prepare for future capital improvements in 2022, the City is creating a new capital improvement fund that will be supported by a transfer of Income Tax revenue.

Refer to Note 8 for additional information on the City's capital assets.

Debt – As of December 31, 2021, the City had \$10,655,665 in bonds, notes, loans, and capital leases outstanding. Of this amount, \$475,723 is due within one year.

Table 4

	Governmental Activities	
	2021	2020 *
Bonds	\$ 1,134,200	\$ 1,207,700
Notes	1,737,723	1,814,685
OPWC Loans	393,768	439,618
Capital Leases	7,389,974	7,679,613
Total Outstanding Debt	\$ 10,655,665	\$ 11,141,616

* Restated

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2021
Unaudited

Refer to Notes 9 and 10 for additional information on the City's outstanding debt and leases.

Current Financial Related Activities

The City of Reminderville witnessed another strong financial year in 2021, despite the many challenges carrying over from 2020, imposed by COVID-19. In 2021, General Fund revenues exceeded budgeted amounts at 123%, while expenditures held at 94% of what was budgeted amount. This combination helped the City produce a significant operating surplus, resulting in an increase of \$694,631 in the General Fund, with an ending cash balance of \$3.7 million. Conservative budgeting and the continued support by federal/state governmental stimulus aid will assist the City in the continuation of operating efficiently with available resources, while simultaneously continuing to invest in the City's infrastructure.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information, contact the Director of Finance, Deborah Wordell 3382 Glenwood Blvd., Reminderville, Ohio 44107, telephone (330) 562-1234, e-mail dwordell@reminderville.com.

City of Reminderville, Ohio
Summit County
Statement of Net Position
December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 4,477,375
Materials and Supplies Inventory	2,589
Accounts Receivable	75,304
Intergovernmental Receivable	451,065
Prepaid Items	9,873
Municipal Income Taxes Receivable	1,439,746
Property Taxes Receivable	706,837
Special Assessments Receivable	395,000
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	557,728
Nondepreciable Capital Assets	1,659,632
Depreciable Capital Assets	35,952,254
Net Pension Asset	4,951
Net OPEB Asset	89,115
Total Assets	<u>45,821,469</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	392,687
OPEB	181,177
Total Deferred Outflows of Resources	<u>573,864</u>
LIABILITIES	
Accounts Payable	103,393
Contracts Payable	42,146
Accrued Wages and Benefits	37,419
Intergovernmental Payable	25,137
Accrued Interest Payable	17,907
Retainage Payable	1,000
Unearned Revenue	106,172
Long-term Liabilities:	
Due Within One Year	483,981
Due in More than One Year:	
Net Pension Liability	2,153,031
Net OPEB Liability	212,833
Other Amounts Due in More than One Year	10,460,054
Total Liabilities	<u>13,643,073</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	658,922
Pension	603,371
OPEB	471,929
Total Deferred Inflows of Resources	<u>1,734,222</u>
NET POSITION	
Net Investment in Capital Assets	26,913,075
Restricted for:	
Capital Projects	72,034
Debt Service	493,964
Streets	408,503
Road Levy	218,608
Fire Operating	787,881
Other Purposes	201,359
Unrestricted	1,922,614
Total Net Position	<u>\$ 31,018,038</u>

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

City of Reminderville, Ohio
Summit County
Statement of Activities
For the Year Ended December 31, 2021

	<u>Program Revenues</u>				<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government:					
Governmental activities:					
Security of Persons and Property	\$ 2,196,810	\$ 65,888	\$ 86,308	\$ -	\$ (2,044,614)
Public Health Services	2,923	-	-	-	(2,923)
Leisure Time Activities	637,256	618,259	169,090	-	150,093
Community Environment	36,917	46,395	-	-	9,478
Basic Utility Services	23,470	-	-	-	(23,470)
Transportation	1,685,336	500	316,165	48,608	(1,320,063)
General Government	697,747	8,101	891,219	-	201,573
Interest and Fiscal Charges	419,213	-	-	-	(419,213)
Total Primary Government	<u>\$ 5,699,672</u>	<u>\$ 739,143</u>	<u>\$ 1,462,782</u>	<u>\$ 48,608</u>	<u>(3,449,139)</u>
General Revenues:					
Property Taxes levied for:					
General Purposes					381,812
Roads					421,589
Municipal Income Taxes levied for:					
General Purposes					2,000,994
Fire Operations					1,016,590
Grants and Entitlements not Restricted to Specific Programs					241,871
Investment Income					756
All Other Revenues					3,789
Total General Revenues					<u>4,067,401</u>
Change in Net Position					618,262
Net Position - Beginning of Year, Restated					<u>30,399,776</u>
Net Position - End of Year					<u>\$ 31,018,038</u>

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

City of Reminderville, Ohio
Summit County
Balance Sheet
Governmental Funds
December 31, 2021

	General Fund	Fire Income Tax	Road Levy	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 3,281,528	\$ 342,217	\$ 216,185	\$ 637,445	\$ 4,477,375
Materials and Supplies Inventory	-	-	-	2,589	2,589
Accounts Receivable	25,174	-	-	50,130	75,304
Intergovernmental Receivable	301,494	-	2,397	147,174	451,065
Prepaid Items	9,873	-	-	-	9,873
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	-	-	-	557,728	557,728
Municipal Income Taxes Receivable	964,630	475,116	-	-	1,439,746
Property Taxes Receivable	276,356	-	430,481	-	706,837
Special Assessments Receivable	395,000	-	-	-	395,000
Total Assets	\$ 5,254,055	\$ 817,333	\$ 649,063	\$ 1,395,066	\$ 8,115,517
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 50,023	\$ 11,779	26,191	\$ 15,400	\$ 103,393
Accrued Wages and Benefits	21,918	15,050	-	451	37,419
Contracts Payable	-	-	-	42,146	42,146
Intergovernmental Payable	22,068	2,623	-	446	25,137
Retainage Payable	-	-	-	1,000	1,000
Unearned Revenue	19,582	-	-	86,590	106,172
Total Liabilities	113,591	29,452	26,191	146,033	315,267
Deferred Inflows of Resources:					
Property Taxes	254,658	-	404,264	-	658,922
Unavailable Revenue - Delinquent Property Taxes	21,698	-	26,217	-	47,915
Unavailable Revenue - Income Taxes	630,525	308,016	-	-	938,541
Unavailable Revenue - Other	514,031	-	2,397	140,107	656,535
Total Deferred Inflows of Resources	1,420,912	308,016	432,878	140,107	2,301,913
Fund Balances:					
Nonspendable	9,873	-	-	2,589	12,462
Restricted	-	479,865	189,994	1,051,405	1,721,264
Committed	511,595	-	-	54,932	566,527
Assigned	102,919	-	-	-	102,919
Unassigned	3,095,165	-	-	-	3,095,165
Total Fund Balances	3,719,552	479,865	189,994	1,108,926	5,498,337
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,254,055	\$ 817,333	\$ 649,063	\$ 1,395,066	\$ 8,115,517

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

City of Reminderville, Ohio
Summit County
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2021

Total Governmental Fund Balances		\$ 5,498,337
<i>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</i>		
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		37,611,886
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:		
Delinquent property taxes	\$ 47,915	
Municipal income taxes	938,541	
Special assessments	395,000	
Intergovernmental	214,983	
Charges for services	46,552	
Total		1,642,991
In the Statement of Activities, interest is accrued on outstanding bonds and loans, whereas in Governmental funds, an interest expenditure is reported when due.		(17,907)
The net pension liability and net OPEB liability are not due and payable in the current period; and the net pension asset and net OPEB asset are not available for spending in the current period; therefore, the liability, asset, and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	392,687	
Deferred Inflows - Pension	(603,371)	
Net Pension Liability	(2,153,031)	
Net Pension Asset	4,951	
Net OPEB Asset	89,115	
Deferred Outflows - OPEB	181,177	
Deferred Inflows - OPEB	(471,929)	
Net OPEB Liability	(212,833)	
Total		(2,773,234)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and Notes	(2,871,923)	
OPWC Loan	(393,768)	
Capital leases	(7,389,974)	
Compensated absences	(288,370)	
Total		(10,944,035)
Net Position of Governmental Activities		\$ 31,018,038

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

City of Reminderville, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Fire	Road	Other	Total
	Fund	Income Tax	Levy	Governmental	Governmental
	Funds			Funds	Funds
REVENUES					
Property Taxes	\$ 367,227	\$ -	\$403,960	\$ -	\$ 771,187
Municipal Income Taxes	2,038,375	1,035,283	-	-	3,073,658
Permissive Motor Vehicle Taxes	-	-	-	12,618	12,618
Intergovernmental	1,209,817	4,280	65,139	454,840	1,734,076
Interest	695	-	-	61	756
Fees, Licenses, and Permits	55,017	-	-	-	55,017
Fines and Forfeitures	4,789	-	-	321	5,110
Charges for Services	614,342	-	-	47,745	662,087
Special Assessments	83,608	-	-	-	83,608
All Other Revenues	3,789	-	-	-	3,789
Total Revenues	4,377,659	1,039,563	469,099	515,585	6,401,906
EXPENDITURES					
Current:					
Security of Persons and Property	1,262,315	923,697	-	134,337	2,320,349
Public Health Services	2,923	-	-	-	2,923
Leisure Time Activities	514,021	-	-	57,115	571,136
Community Environment	72,281	-	-	-	72,281
Basic Utility Services	9,970	-	8,200	5,300	23,470
Transportation	257,504	-	462,356	175,060	894,920
General Government	696,944	30,147	-	49,229	776,320
Capital Outlay	9,390	-	250,211	81,699	341,300
Debt Service:					
Principal Retirement	440,101	-	-	45,850	485,951
Interest and Fiscal Charges	315,554	-	-	105,573	421,127
Total Expenditures	3,581,003	953,844	720,767	654,163	5,909,777
Excess of Revenues Over (Under) Expenditures	796,656	85,719	(251,668)	(138,578)	492,129
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	52	-	-	-	52
Transfers In	-	-	-	39,495	39,495
Transfers Out	(39,495)	-	-	-	(39,495)
Total Other Financing Sources (Uses)	(39,443)	-	-	39,495	52
Net Change in Fund Balances	757,213	85,719	(251,668)	(99,083)	492,181
Fund Balances - Beginning of Year, Restated	2,962,339	394,146	441,662	1,208,009	5,006,156
Fund Balances - End of Year	\$3,719,552	\$ 479,865	\$189,994	\$ 1,108,926	\$ 5,498,337

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

City of Reminderville, Ohio

Summit County

*Reconciliation of 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 \$ 492,181

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 depreciation exceeded capital outlay and contributions in the current period.

Capital Outlay	\$	686,488	
Depreciation		<u>(1,578,928)</u>	
Total			(892,440)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (93,023)

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

Delinquent property taxes		32,214	
Municipal income taxes		(56,074)	
Special assessments		(35,000)	
Intergovernmental		1,290	
Charges for services		<u>(26,402)</u>	
Total			(83,972)

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

Pension			235,106
OPEB			3,182

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

Pension			(76,471)
OPEB			565,552

Repayment of principal on bonds, notes, loans and capital leases are expenditures in the Governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 485,951

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

Compensated absences		(19,718)	
Accrued interest on bonds		<u>1,914</u>	
Total			<u>(17,804)</u>

Change in Net Position of Governmental Activities \$ 618,262

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

City of Reminderville, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Property Taxes	\$ 297,278	\$ 299,590	\$ 367,227	\$ 67,637
Municipal Income Taxes	1,625,078	1,637,717	2,007,459	369,742
Intergovernmental	131,091	132,111	161,937	29,826
Interest	563	567	695	128
Licenses and Permits	44,235	44,579	54,643	10,064
Fines and Forfeitures	3,877	3,907	4,789	882
Charges for Services	193	194	238	44
Special Assessments	67,682	68,209	83,608	15,399
All Other Revenues	77,516	78,118	95,755	17,637
Total Revenues	<u>2,247,513</u>	<u>2,264,992</u>	<u>2,776,351</u>	<u>511,359</u>
Expenditures:				
Current:				
Security of Persons and Property	1,245,522	1,445,655	1,372,259	73,396
Public Health Services	-	1,384	1,384	-
Leisure Time Activities	-	68,746	65,136	3,610
Community Environment	79,846	78,291	70,708	7,583
Basic Utility Services	-	11,140	9,970	1,170
Transportation	196,984	267,967	260,981	6,986
General Government	492,959	578,689	530,270	48,419
Total Expenditures	<u>2,015,311</u>	<u>2,451,872</u>	<u>2,310,708</u>	<u>141,164</u>
Excess of Revenues Over (Under)				
Expenditures	232,202	(186,880)	465,643	652,523
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	52	52
Transfers Out	(38,499)	(39,495)	(39,495)	-
Total Other Financing Sources (Uses)	<u>(38,499)</u>	<u>(39,495)</u>	<u>(39,443)</u>	<u>52</u>
Net Change in Fund Balance	193,703	(226,375)	426,200	652,575
Fund Balance - Beginning of Year	2,156,729	2,156,729	2,156,729	-
Prior Year Encumbrances Appropriated	68,191	68,191	68,191	-
Fund Balance - End of Year	<u>\$ 2,418,623</u>	<u>\$ 1,998,545</u>	<u>\$ 2,651,120</u>	<u>\$ 652,575</u>

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

City of Reminderville, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Fire Income Tax Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 700,000	\$ 700,000	\$ 1,019,787	\$ 319,787
Intergovernmental	-	-	4,280	4,280
Total Revenues	<u>700,000</u>	<u>700,000</u>	<u>1,024,067</u>	<u>324,067</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	676,568	808,645	805,489	3,156
Other	179,845	185,550	179,021	6,529
Total Security of Persons & Property	<u>856,413</u>	<u>994,195</u>	<u>984,510</u>	<u>9,685</u>
General Government				
Other	34,000	32,500	30,080	2,420
Total Expenditures	<u>890,413</u>	<u>1,026,695</u>	<u>1,014,590</u>	<u>12,105</u>
Net Change in Fund Balance	(190,413)	(326,695)	9,477	336,172
Fund Balance - Beginning of Year	242,975	242,975	242,975	-
Prior Year Encumbrances Appropriated	56,571	56,571	56,571	-
Fund Balance - End of Year	<u>\$ 109,133</u>	<u>\$ (27,149)</u>	<u>\$ 309,023</u>	<u>\$ 336,172</u>

See accompanying notes to the basic financial statements.

City of Reminderville, Ohio
Summit County
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget (Non-GAAP Basis) and Actual
Road Levy Fund
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 367,978	\$ 365,773	\$ 403,960	\$ 38,187
Intergovernmental	59,337	58,981	65,139	6,158
Total Revenues	<u>427,315</u>	<u>424,754</u>	<u>469,099</u>	<u>44,345</u>
Expenditures:				
Current:				
Basic Utilities				
Other	3,000	15,000	13,100	1,900
Transportation				
Other	167,050	479,930	471,430	8,500
Capital Outlay				
Other	536,700	311,820	274,711	37,109
Total Expenditures	<u>706,750</u>	<u>806,750</u>	<u>759,241</u>	<u>47,509</u>
Net Change in Fund Balance	(279,435)	(381,996)	(290,142)	91,854
Fund Balance - Beginning of Year	454,305	454,305	454,305	-
Prior Year Encumbrances Appropriated	6,750	6,750	6,750	-
Fund Balance - End of Year	<u>\$ 181,620</u>	<u>\$ 79,059</u>	<u>\$ 170,913</u>	<u>\$ 91,854</u>

See accompanying notes to the basic financial statements.

City of Reminderville, Ohio
Summit County
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2021

	Custodial Fund
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 157,877
Receivables:	
Income Taxes for Other Governments	473,213
Total Assets	631,090
 LIABILITIES	
Joint Economic Development District Receipts	631,090
Total Liabilities	631,090
 NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	-
Total Net Position	\$ -

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

City of Reminderville, Ohio
Summit County
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Year Ended December 31, 2021

	Custodial Fund
ADDITIONS	
Property Tax Collections for Other Governments	3,355,517
Total Additions	3,355,517
DEDUCTIONS	
Joint Economic Development District Disbursements	3,355,517
Total Deductions	3,355,517
Net Increase in Fiduciary Net Position	-
Net Position - Beginning of Year, Restated	-
Net Position - End of Year	\$ -

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

Notes to the Basic Financial Statements

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The City of Reminderville (the City), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City is directed by a six-member Council elected at large, each with four-year terms. The Mayor is elected to a four-year term and serves as the chief executive officer without a vote on Council. On September 21, 2021, a proclamation of City status was issued by the Ohio Secretary of State as required by Ohio Revised Code 703.06. This proclamation of City status was due to the municipality having a population of more than five thousand persons per the 2020 Federal Census.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. This definition of reporting entity is found in GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and 34*.

The City's primary government consists of all funds, departments, boards, and agencies that are not legally separate from the City. The City provides general government services, maintenance of City roads and bridges, culverts, storm sewers, park and recreation operations, police protection services, and fire and emergency rescue services. None of these services are provided by legally separate organizations; therefore, these operations are included in the primary government. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations which are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The reporting entity of the City does not include any component units.

The City participates in the Twinsburg Township-City of Reminderville Joint Economic Development District (JEDD) with Twinsburg Township, a jointly governed organization. Note 14 to the financial statements provides additional information for this entity.

The City's management believes these financial statements present all activities for which the City is financially accountable.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. As a general rule, the activities of the internal service fund are eliminated to avoid “doubling up” revenues and expenses. An exception to this general rule is that interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between those activities of the City that are governmental and those that are considered business-type. The City has no internal service funds.

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The City has no proprietary funds.

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

The following are the City’s major governmental funds:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fire Income Tax Fund The fire income tax fund accounts for and reports the receipt of municipal income taxes for the purpose of providing fire and emergency rescue services protection services to City residents.

Road Levy Fund The road levy fund accounts for and reports the receipt of property taxes received for the purpose of completing road projects within the City.

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) 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. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City’s fiduciary fund is a custodial fund. The custodial fund is used to account for JEDD fiscal agent activity.

C. Measurement Focus

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of 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 City has no proprietary activities.

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

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

Nonexchange 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 6). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenues. Property taxes and payments in lieu of 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 deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12).

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported at fair value which is based on quoted market prices. Non-participating contracts such as non-negotiable certificates of deposits are reported at cost. The City's policy is to hold investments until maturity or until market values equal or exceed cost. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$695 which includes \$280 assigned from other City funds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

F. Receivables

Receivables at December 31, 2021, consist of municipal income taxes, property taxes, amounts due from other governments, accounts (billings for user charged services), and special assessments. All are deemed collectible in full.

G. Inventory

Inventories are stated at cost, on the first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased.

H. Prepaid Items

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

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally 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.

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

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings	25-70 years
Equipment and Furniture	5-20 years
Vehicles	3-6 years
Infrastructure	15-70 years

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund receivables/payables.” Interfund balance amounts are eliminated in the Statement of Net Position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. All full-time City employees are entitled to a vacation after completion of one (1) year of continuous employment with the City. Employee’s eligibility for the first vacation and for subsequent increases in vacation time is determined by the anniversary date of employment. Vacations are not cumulative and shall not be postponed until the following year unless there have been exceptional circumstances which caused postponement.

All full-time, City of Reminderville employees earn 4.6 hours of sick time for each 80 hours of work completed. Sick leave accumulates without limit and may transfer to another agency upon separation. Sick leave that has been accumulated at the City of Reminderville shall be payable to an Employee upon retirement after ten (10) or more years of service to the City, death, or disability. The Employee may elect, at the time of retirement from active service with the City, to be paid in cash for twenty-five percent (25%) of the sick leave hours accrued but unused by the Employee up to a maximum of two thousand seven-hundred twenty (2,720) hours, based upon the Employee’s last effective pay rate.

Upon the completion of any overtime work performed by full-time, City of Reminderville police officers and in lieu of overtime compensation, the employee may elect to receive compensatory time off at a rate not less than one and one-half (1 ½) hours for each hour of employment for which overtime compensation is required by subsection. That compensatory time off, when elected, shall be taken within the same calendar year. Employees may not accumulate more than eighty (80) hours of compensatory time. If, due to extraordinary circumstances, full-time police officers are unable to use accumulated compensatory time within the same calendar year, the employee may, with the Mayor’s approval, carryover up to forty (40) hours of compensatory time into the next calendar year. On December 31st of each calendar year, any unused compensatory time will be paid to the employee at the rate at which it was earned; and if an employee leaves City employment for any reason, accumulated compensatory time will be converted to overtime pay at the rate at which it was earned and paid to the employee.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, 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 that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits 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.

N. Fund Balance

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

Nonspendable – The nonspendable fund balance 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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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. In the General Fund, assigned amounts would represent intended uses established by City Council. City Council may assign fund balance to cover a gap between the estimated revenue and appropriations in 2022’s appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In 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.

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.

O. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position 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. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports unrestricted component of net position, none of which is restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

P. Interfund Activity

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

Q. Extraordinary and Special Items

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

R. Estimates

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

S. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the personal service and other expenditure level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2021.

Encumbrances - Encumbrances outstanding at year end represent the estimated amount of expenditures that will ultimately result if unperformed contracts in process (for example, purchase orders and contracted services) are completed. Encumbrances outstanding at year end are reported as part of restricted, committed, or assigned fund balance for subsequent year expenditures in the governmental funds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Lapsing of Appropriations - At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 – Changes in Accounting Principles and Restatement of Net Position and Fund Balance

A. Changes in Accounting Principles

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

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

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

B. Restatement in Net Position and Fund Balances

On September 21, 2021, a proclamation of City status was issued by the Ohio Secretary of State as required by Ohio Revised Code 703.06. This proclamation of City status was due to the municipality having a population of more than five thousand persons per the 2020 Federal Census.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Changes in Accounting Principles and Restatement of Net Position and Fund Balance

The City is now required to report on an accrual/modified accrual basis as previously required to report on a cash basis. The conversion had the following effect on the net position and fund balance:

	<u>Governmental Activities</u>
Net Position December 31, 2020	\$ 4,376,826
Adjustments:	
Assets	3,265,040
Deferred Outflows of Resources	739,647
Liabilities	(15,043,767)
Deferred Inflows of Resources	(1,593,797)
GASB Statement No. 84	54,937
Nondepreciable Capital Assets	1,571,390
Depreciable Capital Assets	37,025,959
Net Pension Asset	3,541
Restated Net Position December 31, 2020	<u>\$ 30,399,776</u>

	<u>General</u>	<u>Fire Income Tax</u>	<u>Road Levy</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balance December 31, 2020	\$ 2,119,438	\$ 296,041	\$ 461,055	\$ 1,500,292	\$ 4,376,826
Adjustments:					
Assets	2,181,037	481,818	417,505	184,680	3,265,040
Liabilities	(147,817)	(57,004)	(19,393)	(36,191)	(260,405)
Deferred Inflows of Resources	(1,563,402)	(326,709)	(417,505)	(122,626)	(2,430,242)
GASB Statement No. 84	54,937	-	-	-	54,937
GASB Statement No. 54	318,146	-	-	(318,146)	-
Restated Net Position December 31, 2020	<u>\$ 2,962,339</u>	<u>\$ 394,146</u>	<u>\$ 441,662</u>	<u>\$ 1,208,009</u>	<u>\$ 5,006,156</u>

	<u>Custodial</u>
Net Position December 31, 2020	\$ 217,023
GASB Statement No. 84	(217,023)
Restated Net Position December 31, 2020	<u>\$ -</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Basis of Accounting

While the City is reporting financial position, results of operations, and changes in fund balances 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 Statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP basis) and actual presented for the General Fund and the 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 and the GAAP basis are as follows:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP basis).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP basis).
- (3) Other funds are included in the General Fund (GAAP basis), but has a separate legally adopted budget (budget basis).
- (4) Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budget basis statements for the General Fund and the Recreation Special Revenue Fund.

	<u>General</u>	<u>Fire Income Tax</u>	<u>Road Levy</u>
GAAP Basis	\$ 757,213	\$ 85,719	\$ (251,668)
Net Adjustment for Revenue Accruals	53,485	(15,496)	-
Net Adjustment for Expenditure Accruals	(97,738)	(27,552)	6,798
Funds Budgeted Elsewhere	(174,639)	-	-
Encumbrances	(112,121)	(33,194)	(45,272)
Budget Basis	<u>\$ 426,200</u>	<u>\$ 9,477</u>	<u>\$ (290,142)</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits

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

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

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

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

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits (continued)

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

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

The City may also invest monies not required to be used for a period of six months or more in the following:

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

Deposits

Custodial Credit Risk: 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. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. One of the City's financial institutions is enrolled in OPCS as of December 31, 2021.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits (continued)

At year-end the carrying amount of the City’s deposits was \$4,635,252. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2021, \$301,279 of the City’s bank balance of \$4,710,120 was covered by Federal Depository Insurance and \$3,197,208 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the City’s name, and \$1,211,633 was uninsured and uncollateralized. The City’s financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Investments

Money Market investments are measured at fair value. 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. The following identify the City’s recurring fair value measurement as of December 31, 2021. All investments of the City are valued using quoted market prices (Level 1 inputs). At December 31, 2021, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>
Money Market Mutual Funds	\$ 557,728	N/A	<1
Total Investments	\$ 557,728		\$ 557,728

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 Money Market Mutual Fund is unrated. The City has no investment policy that addresses credit risk.

Note 6 – Receivables

A. Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Real property taxes collected in 2021 are levied after October 1, 2020, on assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88 percent of cost). Public utility property taxes paid in 2021 that became a lien on

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Receivables (continued)

December 31, 2020, are levied after October 1, 2020, and are collected in 2021 with real property taxes. The last reappraisal was completed for tax year 2020 affecting collections beginning in 2021.

The full tax rate for all City operations for the year ended December 31, 2021, was \$5.2 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 148,579,120
Other Real Estate	4,987,360
Public Utility Personal Property	<u>1,417,240</u>
 Total	 <u><u>\$ 154,983,720</u></u>

Real Property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

B. Income Taxes

The City levies a municipal income tax of 1.5% percent on substantially all earned income arising from employment, residency, or business activities within the City as well as certain income of residents earned outside of the City.

Employers within the City withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Revenue Description	Amount
Local Government	\$ 54,352
Cents Per Gallon and Excise Tax	146,078
Homestead and Rollback	24,364
Permissive Tax	1,096
JEDD	220,807
Grants	<u>4,368</u>
Total Intergovernmental Receivable	<u><u>\$ 451,065</u></u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The City has obtained commercial insurance for the following risks:

2. Comprehensive property and general liability;
3. Public officials and law enforcement;
4. Inland marines;
5. Crime;
6. Boiler and machinery
7. Vehicles; and
8. Errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years and coverage limits have not been significantly reduced from the previous year.

This space intentionally left blank

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Capital Assets

	Restated Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<u>Governmental Activities</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,571,390	\$ -	\$ -	\$ 1,571,390
Construction in Progress	-	559,415	(471,173)	88,242
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,571,390</u>	<u>559,415</u>	<u>(471,173)</u>	<u>1,659,632</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	17,223,900	-	-	17,223,900
Furniture and Equipment	799,751	81,048	-	880,799
Vehicles	1,346,353	46,025	-	1,392,378
Infrastructure:				
Roads and Culverts	13,242,387	471,173	(662,335)	13,051,225
Storm Sewer	20,639,446	-	-	20,639,446
<i>Total Capital Assets Being Depreciated</i>	<u>53,251,837</u>	<u>598,246</u>	<u>(662,335)</u>	<u>53,187,748</u>
<i>Total Capital Assets at Cost</i>	<u>54,823,227</u>	<u>1,157,661</u>	<u>(1,133,508)</u>	<u>54,847,380</u>
Less Accumulated Depreciation:				
Buildings	(6,463,986)	(412,638)	-	(6,876,624)
Furniture and Equipment	(207,944)	(67,809)	-	(275,753)
Vehicles	(393,755)	(73,513)	-	(467,268)
Infrastructure:				
Roads and Culverts	(6,195,832)	(664,418)	569,312	(6,290,938)
Storm Sewer	(2,964,361)	(360,550)	-	(3,324,911)
Total Accumulated Depreciation	<u>(16,225,878)</u>	<u>(1,578,928)</u>	<u>569,312</u>	<u>(17,235,494)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>37,025,959</u>	<u>(980,682)</u>	<u>(93,023)</u>	<u>35,952,254</u>
Total Governmental Activities				
Capital Asset, Net	<u>\$ 38,597,349</u>	<u>\$ (421,267)</u>	<u>\$ (564,196)</u>	<u>\$ 37,611,886</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 101,044
Security of Persons and Property	149,764
Transportation	1,093,387
Leisure Time Activities	234,733
Total Depreciation Expense	<u>\$ 1,578,928</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Long-term obligations

Changes in long-term obligations during the year ended December 31, 2021, consisted of the following:

	Restated Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds	\$ 777,700	\$ -	\$ 38,500	\$ 739,200	\$ 40,100
Street Improvement Bonds	430,000	-	35,000	395,000	40,000
Geis Bond Anticipation Notes	1,814,685	-	76,962	1,737,723	107,951
<u>OPWC Loans - Direct Borrowings</u>					
Clipper Cove Culvert and Florida Street Drain	141,960	-	16,084	125,876	16,245
California Street Reconstruction	297,658	-	29,766	267,892	29,766
<i>Total OPWC Loans</i>	<u>439,618</u>	<u>-</u>	<u>45,850</u>	<u>393,768</u>	<u>46,011</u>
<u>Other Long-Term Obligations</u>					
Capital Leases	7,679,613	-	289,639	7,389,974	241,661
Compensated Absences Payable	268,652	31,580	11,862	288,370	8,258
<i>Total Other Long-Term Obligations</i>	<u>7,948,265</u>	<u>31,580</u>	<u>301,501</u>	<u>7,678,344</u>	<u>249,919</u>
<u>Net Pension Liability</u>					
OPERS	1,072,486	-	288,856	783,630	-
OP&F	1,370,788	-	1,387	1,369,401	-
<i>Total Net Pension Liability</i>	<u>2,443,274</u>	<u>-</u>	<u>290,243</u>	<u>2,153,031</u>	<u>-</u>
<u>Net OPEB Liability</u>					
OPERS	709,001	-	709,001	-	-
OP&F	200,998	11,835	-	212,833	-
<i>Total Net Pension Liability</i>	<u>909,999</u>	<u>11,835</u>	<u>709,001</u>	<u>212,833</u>	<u>-</u>
Total Governmental Activities Long-Term Obligations	<u>\$ 14,763,541</u>	<u>\$ 43,415</u>	<u>\$ 1,497,057</u>	<u>\$ 13,309,899</u>	<u>\$ 483,981</u>

The repayment of the general obligation bonds, street improvement bonds, and Geis bond anticipation notes will be supported by the full faith and credit of the City and is payable from the City's JEDD proceeds.

During 2010, the City issued street improvement bonds in the value of \$740,000. The bonds were issued for the purpose of Street improvement projects. The obligations are to be paid by funds derived from the collection of property tax assessments. The City's taxing authority collateralized the bonds.

During 2016, the City issued Bond Anticipation Notes (BANs) totaling \$1,994,827 including a discount amount of \$25,514 at an interest rate of 3.558-4.454 percent interest rate with a final maturity date of December 1, 2036. The notes were issued for the purpose of financing roadway improvements, equipment purchases, land acquisition, parking lot resurfacing, and capital improvements to the Street and Police Department buildings. The City intends to repay this note with the Village's JEDD proceeds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Long-term obligations (continued)

The City executed a promissory note on July 1, 2004 with the Ohio Public Works Commission (OPWC) for the slip lining of culverts on Clipper Cove, replacement of an existing culvert on Glenwood Boulevard and replacement of existing pavement on Glenwood Boulevard and California Street. The loan is to be repaid with general revenues of the City. The loan was restricted by OPWC and finalized in the amount of \$315,833.

During 2019, the City executed a promissory note with the OPWC for a portion of the California Street Repair and Replacement Project. The loan is to be repaid with general revenues of the City. The loan was restricted by OPWC and finalized in the amount of \$297,658.

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

Other Long-Term Obligations Compensated absences will be paid from the General Fund and the Street Maintenance and Repair Special Revenue Fund. There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension contributions are made from the same fund as compensated absences. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12. See Note 10 for additional information related to capital leases.

Amortization

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2021, are as follows:

Year	Bonds		Notes		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 80,100	\$ 49,567	\$ 107,951	\$ 65,044	\$ 46,011	\$ 1,380
2023	81,700	46,113	90,168	60,642	46,173	1,218
2024	83,400	42,467	82,403	57,029	46,338	1,055
2025	85,200	38,603	48,037	53,783	46,504	891
2026	92,100	34,738	85,422	50,484	46,672	725
2027-2031	456,300	109,616	637,383	191,827	162,070	648
2032-2036	255,400	26,903	686,359	74,979	-	-
	<u>\$ 1,134,200</u>	<u>\$ 348,007</u>	<u>\$ 1,737,723</u>	<u>\$ 553,788</u>	<u>\$ 393,768</u>	<u>\$ 5,917</u>

Note 10 – Capital Leases

The City leases a vehicle and other equipment under non-cancelable leases. In 2021, the City paid a total of \$107,469 to the lessors. The equipment lease was paid in full in 2021 and the vehicle lease will be paid in full in 2022.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Capital Leases (continued)

In 2015, the City entered into a lease-purchase agreement with the Development Finance Authority of Summit County (DFA) for the repayment of a conduit bond issue, facilitated by the DFA, in the amount of \$8,200,000 for the completion of the Reminderville Athletic Club (RAC) project. The project was completed in 2016 and payments commenced at that point, due in monthly installments of \$40,062, through June 2045. At the end of the lease, the City may purchase the RAC for \$1.

These lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of their minimum lease payments as of inception date and are secured by the above-mentioned property. In the event of default of the RAC lease, the lessor may declare all amounts due under this lease agreement to become immediately due and payable, may declare the term of this lease ended and enter into the possession of the premises and sue for and recover all damages arising of such default. For all other leases, in the event of a default, the lender may require the City, at the City's cost, to promptly deliver possession of the collateral to the lender, and may recover all expenses and collection costs which the lender has incurred.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Amortization of capital leases are included in depreciation expense. The leases are secured by the related property. Capital assets acquired by lease have been capitalized and depreciated as follows as of December 31, 2021.

	Governmental Activities
Assets being Depreciated	
Cost	\$ 8,621,500
Less Accumulated Depreciation	
Depreciation	(1,273,319)
Current Book Value	\$ 7,348,181

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ending December 31:	Governmental Activities
2022	\$ 531,068
2023	480,752
2024	480,753
2025	480,753
2026	480,752
2027-2031	2,403,763
2032-2036	2,403,764
2037-2041	2,403,762
2042-2045	1,682,632
Total	11,347,999
Less: Amount Representing Interest	(3,958,025)
Present Value of Net Minimum Lease Payments	\$ 7,389,974

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans

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

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

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 basis of accounting.

Ohio Public Employees Retirement System (OPERS)

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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.

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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.

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 on the next page:

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

	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 contribution was \$122,229 for 2021. Of this amount, \$15,520 is reported as an intergovernmental payable.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description - City full-time police 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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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.

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$112,877 for 2021. Of this amount \$9,617 is reported as an intergovernmental payable.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 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 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	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005426%	0.001698%	0.0203486%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005292%	0.001715%	0.0200878%	
Change in Proportionate Share	<u>-0.000134%</u>	<u>0.000017%</u>	<u>-0.0002608%</u>	
Proportionate Share of the Net Pension Liability	\$ 783,630	\$ (4,951)	\$ 1,369,401	\$ 2,148,080
Pension Expense	\$ (40,750)	\$ 112	\$ 117,109	\$ 76,471

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

	OPERS	OP&F Police	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 57,245	\$ 57,245
Changes of assumptions	307	22,967	23,274
Changes in proportion and differences between City contributions and proportionate share of contributions	369	76,693	77,062
City contributions subsequent to the measurement date	<u>122,229</u>	<u>112,877</u>	<u>235,106</u>
Total Deferred Outflows of Resources	<u>\$ 122,905</u>	<u>\$ 269,782</u>	<u>\$ 392,687</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 306,173	\$ 66,423	\$ 372,596
Differences between expected and actual experience	33,716	53,349	87,065
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>44,486</u>	<u>99,224</u>	<u>143,710</u>
Total Deferred Inflows of Resources	<u>\$ 384,375</u>	<u>\$ 218,996</u>	<u>\$ 603,371</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

\$235,106 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in 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	OP&F Police	Total
Year Ending December 31:			
2022	\$ (167,070)	\$ 6,321	\$ (160,749)
2023	(49,601)	2,294	(47,307)
2024	(124,906)	(64,251)	(189,157)
2025	(41,852)	(7,237)	(49,089)
2026	(87)	782	695
Thereafter	(183)	-	(183)
Total	\$ (383,699)	\$ (62,091)	\$ (445,790)

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	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA	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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>9.00</u>	4.75
Total	<u>100.00 %</u>	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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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:

City's proportionate share of the net pension liability	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Traditional Pension Plan	\$ 1,494,778	\$ 783,630	\$ 192,311
Combined Plan	\$ (3,447)	\$ (4,951)	\$ (6,071)

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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

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

<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 Conduent Modified 2016 Improvement Scale.

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

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Defined Benefit Pension Plans (continued)

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	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 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	\$ 1,906,381	\$ 1,369,401	\$ 920,002

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – 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.

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

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

Resulting adjustments to the net OPEB liability/asset 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 basis 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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

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

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.

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 \$212 for 2021.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

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

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

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).

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

The City’s contractually required contribution to OP&F was \$2,970 for 2021.

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	0.005133%	0.0203486%	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	<u>0.005002%</u>	<u>0.0200878%</u>	
Change in Proportionate Share	<u>-0.000131%</u>	<u>-0.0002608%</u>	
Proportionate Share of the Net OPEB			
Liability/(Asset)	\$ (89,115)	\$ 212,833	\$ 123,718
OPEB Expense	\$ (564,053)	\$ (1,499)	\$ (565,552)

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

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>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$ 43,808	\$ 117,577	\$ 161,385
Changes in proportion and differences between City contributions and proportionate share of contributions	24	16,586	16,610
City contributions subsequent to the measurement date	<u>212</u>	<u>2,970</u>	<u>3,182</u>
Total Deferred Outflows of Resources	<u>\$ 44,044</u>	<u>\$ 137,133</u>	<u>\$ 181,177</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 80,427	\$ 35,107	\$ 115,534
Changes of assumptions	144,393	33,930	178,323
Net difference between projected and actual earnings on OPEB plan investments	47,462	7,909	55,371
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>26,537</u>	<u>96,164</u>	<u>122,701</u>
Total Deferred Inflows of Resources	<u>\$ 298,819</u>	<u>\$ 173,110</u>	<u>\$ 471,929</u>

The \$3,182 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (141,249)	\$ (12,729)	\$ (153,978)
2023	(87,521)	(10,857)	(98,378)
2024	(20,626)	(13,808)	(34,434)
2025	(5,591)	(8,775)	(14,366)
2026	-	3,998	3,998
Thereafter	<u>-</u>	<u>3,224</u>	<u>3,224</u>
Total	<u>\$ (254,987)</u>	<u>\$ (38,947)</u>	<u>\$ (293,934)</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB 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 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

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	4.43 %

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	\$ (22,159)	\$ (89,115)	\$ (144,158)

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 asset	\$ (91,287)	\$ (89,115)	\$ (86,685)

Changes between Measurement Date and Report Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

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 Conduent Modified 2016 Improvement Scale.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB Plans (continued)

Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

The most recent experience study was completed 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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Defined Benefit OPEB 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 the 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 in core fixed income and U.S. inflation linked bonds and the implementation approach for gold.

Discount Rate The total OPEB liability was calculated using the discount rate of 2.96 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	\$ 265,391	\$ 212,833	\$ 169,479

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 13 – Contingent Liabilities

The City is a defendant in a lawsuit. City management is of the opinion that ultimate settlement of the claim will be covered entirely by insurance and will not result in a material adverse effect on the City's financial position.

Note 14 – Jointly Governed Organizations

The City participates in the Twinsburg Township-City of Reminderville Joint Economic Development District (the JEDD), which is a statutorily created subdivision of the State. The purpose of the JEDD is 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 and the Township. The jointly governed organization is considered a separate reporting entity by the City's management, however, as the JEDD's fiscal agent, the activity in the agency fund has been included in the accompanying financial statements.

The Board of Directors of the JEDD consists of six members. Three members are appointed by the Mayor of the City and three members are appointed by the Township's Board of Trustees. The District levies an income tax at 1.5% in the District which is collected by the Regional Income Tax Authority and remitted to the City of Reminderville as fiscal agent for the JEDD. The JEDD retains up to 3% of the income tax revenues to operate the District. Revenues in excess of the expense are disbursed to the City (30%) and the Township (70%).

This space intentionally left blank

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 – Fund Balances

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

Fund Balances	General	Fire Income Tax	Road Levy	Governmental Funds	Governmental Funds
<i>Nonspendable</i>					
Prepaid Items	\$ 9,873	\$ -	\$ -	\$ -	\$ 9,873
Inventories	-	-	-	2,589	2,589
<i>Total Nonspendable</i>	<u>9,873</u>	<u>-</u>	<u>-</u>	<u>2,589</u>	<u>12,462</u>
<i>Restricted for</i>					
Roads	-	-	189,994	312,801	502,795
Law Enforcement	-	-	-	168,949	168,949
Fire Operations	-	479,865	-	-	479,865
COVID-19 Relief Funds	-	-	-	3,657	3,657
Capital Projects	-	-	-	72,034	72,034
Debt Service Payments	-	-	-	493,964	493,964
<i>Total Restricted</i>	<u>-</u>	<u>479,865</u>	<u>189,994</u>	<u>1,051,405</u>	<u>1,721,264</u>
<i>Committed to</i>					
Joint Economic Development District	511,595	-	-	-	511,595
Ambulance Fund	-	-	-	54,932	54,932
<i>Total Committed</i>	<u>511,595</u>	<u>-</u>	<u>-</u>	<u>54,932</u>	<u>566,527</u>
<i>Assigned to</i>					
Purchases on Order:					
City Administration	4,962	-	-	-	4,962
Police Department	90,251	-	-	-	90,251
Service Department	2,293	-	-	-	2,293
Building Department	5,088	-	-	-	5,088
Senior Life	325	-	-	-	325
<i>Total Assigned</i>	<u>102,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,919</u>
<i>Unassigned (Deficit)</i>	3,095,165	-	-	-	3,095,165
Total Fund Balances	<u><u>\$ 3,719,552</u></u>	<u><u>\$ 479,865</u></u>	<u><u>\$ 189,994</u></u>	<u><u>\$ 1,108,926</u></u>	<u><u>\$ 5,498,337</u></u>

Note 15 – Transfers

Transfers were made from the General Fund to the Ohio Public Works Loan Debt Service Fund to make debt service payments. These transfers were made in accordance with the Ohio Revised Code.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – Construction Contractual and Other Significant Commitments

Construction Contractual Commitments

During 2021 the City was approved for a loan in the amount of \$150,000 and grant in the amount of \$349,999 from OPWC for the Clipper Cove Culvert Replacement Project. This project will begin construction in 2022.

During 2021 the City was approved for a grant in the amount of \$499,999 from OPWC for the Smugglers Cover Reconstruction Project. This project will begin construction in 2022.

Other Significant Commitments

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

Governmental Funds:		
General	\$	102,919
Fire Income Tax		26,546
Road Levy		30,399
Non Major		92,420
Total Encumbrances	\$	<u>252,284</u>

Note 17 – COVID-19

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

Note 18 – Compliance

Contrary to Ohio Revised Code Section 5705.39, the City had appropriations exceeding estimated resources in several funds.

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

Traditional Plan	2021	2020	2019
City's Proportion of the Net Pension Liability	0.005292%	0.005426%	0.005954%
City's Proportionate Share of the Net Pension Liability	\$ 783,630	\$ 1,072,486	\$ 1,630,680
City's Covered Payroll	\$ 745,343	\$ 763,471	\$ 804,221
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%
Combined Plan	2021	2020	2019
City's Proportion of the Net Pension (Asset)	0.001715%	0.001698%	0.001768%
City's Proportionate Share of the Net Pension (Asset)	\$ (4,951)	\$ (3,541)	\$ (1,977)
City's Covered Payroll	\$ 7,557	\$ 7,557	\$ 7,557
City's Proportionate Share of the Net Pension (Asset) as a Percentage of its Covered Payroll	65.52%	46.86%	26.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	157.67%	145.28%	126.64%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015
0.005899%	0.004768%	0.003446%	0.003751%
\$ 925,439	\$ 1,082,732	\$ 596,891	\$ 452,413
\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
118.71%	175.66%	138.44%	98.38%
84.66%	77.25%	81.08%	86.45%
2018	2017	2016	2015
0.001026%	0.002004%	0.002030%	0.002052%
\$ (1,397)	\$ (1,115)	\$ (988)	\$ (790)
\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
33.26%	14.29%	13.35%	10.53%
137.28%	116.55%	116.90%	114.83%

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

Police	2021	2020	2019
City's Proportion of the Net Pension Liability	0.0200878%	0.0203486%	0.0197800%
City's Proportionate Share of the Net Pension Liability	\$ 1,369,401	\$ 1,370,788	\$ 1,614,571
City's Covered Payroll	\$ 545,889	\$ 550,779	\$ 510,037
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	250.86%	248.88%	316.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015
0.0193188%	0.0233863%	0.0191129%	0.0192928%
\$ 1,185,682	\$ 1,481,262	\$ 1,229,544	\$ 999,447
\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
252.19%	264.41%	284.93%	235.20%
70.91%	68.36%	66.77%	71.71%

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Contribution - Pension
Ohio Public Employees Retirement System
Last Eight Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Contractually Required Contributions</u>			
Traditional Plan	\$ 121,171	\$ 104,348	\$ 106,886
Combined Plan	1,058	1,058	1,058
Total Required Contributions	\$ 122,229	\$ 105,406	\$ 107,944
Contributions in Relation to the Contractually Required Contribution	<u>(122,229)</u>	<u>(105,406)</u>	<u>(107,944)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>			
Traditional Plan	\$ 865,507	\$ 745,343	\$ 763,471
Combined Plan	7,557	7,557	7,557
<u>Pension Contributions as a Percentage of Covered Payroll</u>			
Traditional Plan	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%

(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.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
\$ 112,591	\$ 101,346	\$ 73,964	\$ 51,737	\$ 55,186
1,058	546	936	888	900
\$ 113,649	\$ 101,892	\$ 74,900	\$ 52,625	\$ 56,086
(113,649)	(101,892)	(74,900)	(52,625)	(56,086)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 804,221	\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
\$ 7,557	\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
14.00%	13.00%	12.00%	12.00%	12.00%
14.00%	13.00%	12.00%	12.00%	12.00%

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Contribution - Pension
Ohio Police and Fire Pension Fund
Last Eight Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Contractually Required Contributions</u>			
Police	\$ 112,877	\$ 103,719	\$ 104,648
Total Required Contributions	\$ 112,877	\$ 103,719	\$ 104,648
Contributions in Relation to the Contractually Required Contribution	(112,877)	(103,719)	(104,648)
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>			
Police	\$ 594,089	\$ 545,889	\$ 550,779
<u>Pension Contributions as a Percentage of Covered Payroll</u>			
Police	19.00%	19.00%	19.00%

(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.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
\$ 96,907	\$ 89,329	\$ 106,441	\$ 81,989	\$ 80,739
\$ 96,907	\$ 89,329	\$ 106,441	\$ 81,989	\$ 80,739
(96,907)	(89,329)	(106,441)	(81,989)	(80,739)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
19.00%	19.00%	19.00%	19.00%	19.00%

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Proportionate Share of the OPEB Liability/(Asset)
Ohio Public Employees Retirement System
Last Five Years (1)

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability/Asset	0.005002%	0.005133%	0.005613%	0.005590%	0.004550%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (89,115)	\$ 709,001	\$ 731,803	\$ 607,033	\$ 459,565
City's Covered Payroll	\$ 756,422	\$ 775,470	\$ 814,208	\$ 792,476	\$ 629,085
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-11.78%	91.43%	89.88%	76.60%	73.05%
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

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Proportionate Share of the OPEB Liability
Ohio Police and Fire Pension Fund
Last Five Years (1)

	2021	2020	2019	2018	2017
City's Proportion of the Net OPEB Liability	0.0200878%	0.0203486%	0.0197796%	0.0193188%	0.0233900%
City's Proportionate Share of the Net OPEB Liability	\$ 212,833	\$ 200,998	\$ 180,127	\$ 1,094,576	\$ 1,321,168
City's Covered Payroll	\$ 545,889	\$ 550,779	\$ 510,037	\$ 470,153	\$ 560,216
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.99%	36.49%	35.32%	232.81%	235.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.08%	46.57%	14.13%	15.96%

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

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

See accompanying notes to the required supplementary information

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Ohio Public Employees Retirement System
Last Seven Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 212	\$ 141	\$ 178
Contributions in Relation to the Contractually Required Contribution	<u>(212)</u>	<u>(141)</u>	<u>(178)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 878,379	\$ 756,422	\$ 775,470
Contributions as a Percentage of Covered Payroll	0.02%	0.02%	0.02%

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 97	\$ 8,171	\$ 12,680	\$ 7,966
<u>(97)</u>	<u>(8,171)</u>	<u>(12,680)</u>	<u>(7,966)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 814,208	\$ 792,476	\$ 629,085	\$ 432,825
0.01%	1.03%	2.02%	1.84%

City of Reminderville, Ohio
Summit County
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Ohio Police and Fire Pension Fund
Last Eight Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 2,970	\$ 2,729	\$ 2,754
Contributions in Relation to the Contractually Required Contribution	<u>(2,970)</u>	<u>(2,729)</u>	<u>(2,754)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 594,089	\$ 545,889	\$ 550,779
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%

(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.

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,550	\$ 2,351	\$ 2,801	\$ 2,158	\$ 2,125
<u>(2,550)</u>	<u>(2,351)</u>	<u>(2,801)</u>	<u>(2,158)</u>	<u>(2,125)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
0.50%	0.50%	0.50%	0.50%	0.50%

City of Reminderville, Ohio
Summit County
Notes to the Required Supplementary Information

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 2014-2021.

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2021.

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

City of Reminderville, Ohio
Summit County
Notes to the Required Supplementary Information

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2021.

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

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018 and 2020-2021. For 2019, see below regarding changes to stipend-based model.

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

**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**

City of Reminderville
Summit County
3382 Glenwood Blvd
Reminderville, OH 44202

To the City Council:

We have audited, in accordance with 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, each major fund, and the aggregate remaining fund information of the City of Reminderville, 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 July 14, 2022, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. We also noted the City changed its basis of accounting.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

City of Reminderville

Summit County

Independent Auditor's Report on Internal Control Over
Financial Report and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

Page 2

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 financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2021-001.

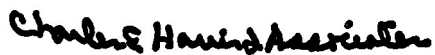
We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 14, 2022.

City's Response to Finding

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 Corrective Action Plan. The City's response was not subjected to the other 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.



Charles E. Harris & Associates, Inc.

July 14, 2022

City of Reminderville
Summit County
Schedule of Findings
December 31, 2021

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
--

Finding Number: 2021-001 – Noncompliance

Appropriations Exceeding Estimated Resources

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. During 2021, appropriations exceeded estimated resources in the following funds:

- Parks and Recreation Fund by \$215,072
- Fire Income Tax Fund by \$27,149
- Bullet Proof Vest Fund by \$3,500
- JEDD Projects fund by \$215,762
- Ohio Public Works Loan Fund by \$38,496

We recommend that the City monitor its budget closely to prevent appropriations from exceeding estimated resources. Also, we recommend that the City ensure that certification of estimated resources is updated throughout the year if additional resources are expected to be received and/or expended during the year.

Management’s Response:

See Corrective Action Plan.

City of Reminderville
Summit County
Schedule of Prior Audit Findings (Prepared by Management)
December 31, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Appropriations Exceeding Certified Resources	Not Corrected	

City of Reminderville
Summit County
Corrective Action Plan
(Prepared by Management)
December 31, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	The County Auditor approved numbers did not match our final appropriation and estimated resources passed by Council. We will address this issue in the future and ensure that the Certificates approved by the County Auditor are accurate.	Immediately	Deborah Wordell, Fiscal Officer

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF REMINDERVILLE

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 8/30/2022

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