



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF REMINDERVILLE
SUMMIT COUNTY
DECEMBER 31, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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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

Opinions

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 years ended December 31, 2023 and 2022, 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, 2023 and 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund, Fire Income Tax Fund, and Road Levy Fund for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 17 to the December 31, 2022 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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 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 January 13, 2025, 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2025

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City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
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, 2023. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are:

- General revenues accounted for \$4,526,527 or 62% of total governmental activities revenue. Program specific revenues accounted for \$2,826,659 or 38% 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 of \$4,986,261 and expenditures and other financing uses of \$5,277,067 during 2023. The net decrease to the balance of the General Fund was \$290,806 or 7%. The Fire Income Tax Fund had revenues of \$1,178,101 and expenditures of \$1,146,833. The net increase of the Fire Income Tax Fund was \$31,268 or 6%. The Road Levy Fund had revenues of \$412,125 and expenditures of \$103,674. The net increase of the Road Levy Fund was \$308,451 or 570%.
- The City's 2023 and 2024 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.

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.

City of Reminderville, Ohio
Summit County
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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
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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 27-72 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 74-92 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 2023?" 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
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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 2023 and 2022.

Table 1

	Governmental Activities	
	2023	2022
ASSETS		
Current and Other Assets	\$ 8,998,511	\$ 8,891,778
Capital Assets, Net	35,525,148	36,389,878
Net Pension and OPEB Assets	3,839	182,967
Total Assets	44,527,498	45,464,623
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,560,253	799,583
OPEB	240,302	148,776
Total Deferred Outflows of Resources	1,800,555	948,359
LIABILITIES		
Current and Other Liabilities	335,201	545,078
Long-term Liabilities:		
Due Within One Year	427,684	428,845
Due in More than One Year:		
Net Pension Liability	3,827,020	1,846,492
Net OPEB Liability	195,100	232,922
Other Amounts	9,748,138	10,022,281
Total Liabilities	14,533,143	13,075,618
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	902,381	758,760
Pension	141,402	1,112,653
OPEB	222,230	337,011
Total Deferred Inflows of Resources	1,266,013	2,208,424
NET POSITION		
Net Investment in		
Capital Assets	25,754,747	26,151,136
Restricted	2,308,711	2,083,934
Unrestricted	2,465,439	2,893,870
Total Net Position	\$ 30,528,897	\$ 31,128,940

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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.

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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 \$30,528,897 at the close of 2023.

Total assets decreased from the prior year primarily due to depreciation and deletions of capital assets. Current and other liabilities decreased due to the decrease in unearned revenue for unspent grant proceeds. Long-term liabilities other amounts decreased due to principal payments made on debt liabilities.

The primary reason for the changes in net pension and OPEB asset, deferred inflows of resources, deferred outflows of resources, net pension liability, and net OPEB liability were due to GASB 68 and GASB 75. The net pension liability and Net OPEB liability represent the City's proportionate share of the OPERS' and OP&F unfunded benefits for pension and OPEB. Changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension liability and net OPEB liability.

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.

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Table 2

	Governmental Activities	
	2023	2022
REVENUES		
Program Revenues:		
Charges for Services	\$ 937,141	\$ 870,264
Operating Grants and Contributions	1,822,976	2,169,261
Capital Grants and Contributions	66,542	432,065
Total Program Revenues	2,826,659	3,471,590
General Revenues:		
Property Taxes	729,311	772,305
Municipal Income Taxes	3,466,156	3,349,746
Grants and Entitlements	170,749	229,598
Investment Income	140,554	(49,838)
Gain on Sale of Capital Assets	-	53,228
All Other Revenues	19,757	41,432
Total General Revenues	4,526,527	4,396,471
Total Revenues	7,353,186	7,868,061
EXPENSES		
Program Expenses:		
Security of Persons and Property	3,177,459	3,080,136
Public Health Services	4,133	4,370
Leisure Time Activities	938,610	809,870
Community Environment	51,409	42,438
Basic Utility Services	70,717	549,575
Transportation	2,258,038	1,865,976
General Government	1,020,026	937,373
Interest and Fiscal Charges	432,837	467,421
Total Expenses	7,953,229	7,757,159
Change in Net Position	(600,043)	110,902
Net Position - Beginning of Year	31,128,940	31,018,038
Net Position - End of Year	\$ 30,528,897	\$ 31,128,940

Governmental Activities

Governmental activities net position decreased \$600,043 in 2023. The three primary general revenue sources of governmental activities are municipal income taxes, property taxes and grants and entitlements revenues. Operating grants decreased by \$346,285 mainly due to reduced funding for the Waterline Repair/Replacement Fund and capital grants and contributions decreased by \$365,523 mainly due to the reduction of grants received for the Smuggler's/Clipper Cove Projects Fund. Municipal income taxes increased by \$116,410 due to continued population growth and collection activities.

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Total expenses were partially funded by \$937,141 and \$1,889,518 in direct charges to users of the services and operating/capital grants and contributions, respectively. General revenues accounted for \$4,526,527 or 62% of total governmental activities revenue. General revenues primarily consist of property and income tax revenue of \$4,195,467.

Security of persons and property, which primarily supports the operations of the fire and police departments, and accounted for \$3,177,459 of the total expenses of the City in 2023. Security of persons and property increased by \$97,323 due to a 3% annual raise for police and fire employees. Basic utility services expenses decreased by \$478,858 due to the completion of large utility projects in the prior year.

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 decreased \$290,806 due to expenditures exceeding revenues.

The Fire Income Tax fund balance increased slightly by \$31,268 due to an increase in municipal income tax revenue.

The Road Levy fund balance increased \$308,451 due to expenditures related to a major road repair project in 2022, but no capital expenditures in 2023.

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 2023, 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 \$2,786,671 and \$2,919,267 respectively. Actual revenues and other financial sources were \$3,079,620. The main differences between budgeted and actual revenues are municipal income tax revenues and advances. Original General Fund budgeted expenditures and other financing uses were \$2,848,611 and the final amended budget was \$3,931,210. Actual General Fund expenditures and other financing uses (less advances out) were \$3,332,837 or \$598,373 less than budgeted due to the careful oversight of department heads, spending less than originally estimated in all programs of the General Fund.

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Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental activities as of December 31, 2023, amounts to \$35,525,148 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and furniture, vehicles, and infrastructure.

Table 3

	Governmental Activities	
	2023	2022
Land	\$ 1,571,390	\$ 1,571,390
Construction in progress	227,204	58,800
Buildings	9,606,467	10,022,699
Equipment and Furniture	839,167	737,018
Vehicles	1,182,056	934,014
Infrastructure	22,098,864	23,065,957
Total	<u><u>\$ 35,525,148</u></u>	<u><u>\$ 36,389,878</u></u>

The City is committed to maintaining its assets. Replacement of 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.

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

Debt – As of December 31, 2023, the City had \$9,761,026 in bonds, notes, loans, and capital leases outstanding. Of this amount, \$427,684 is due within one year.

Table 4

	Governmental Activities	
	2023	2022
Bonds	\$ 972,400	\$ 1,054,100
Notes	1,539,604	1,629,772
OPWC Loans	301,584	347,757
Financed Purchases	6,947,438	7,148,313
Total Outstanding Debt	<u><u>\$ 9,761,026</u></u>	<u><u>\$ 10,179,942</u></u>

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

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2023
Unaudited

Current Financial Related Activities

The City of Reminderville planned for and witnessed another solid fiscal year in 2023. The general fund saw a decrease of 7% overall from the prior year that was caused by large expenditures for road paving and maintenance. The city expects to have a surplus in the general fund for the 2024 fiscal year due to increased revenues and high interest earned from the city STAR Ohio account. Consistent, conservative budgeting will aid the City in continuing to operate efficiently and effectively with available resources, while simultaneously continue 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, Kevin Huff 3382 Glenwood Blvd., Reminderville, Ohio 44202, telephone (330) 562-1234, e-mail finance@reminderville.com.

City of Reminderville, Ohio
Summit County
Statement of Net Position
December 31, 2023

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 4,965,752
Materials and Supplies Inventory	10,157
Accounts Receivable	91,367
Intergovernmental Receivable	506,503
Prepaid Items	9,826
Municipal Income Taxes Receivable	1,622,618
Property Taxes Receivable	970,835
Special Assessments Receivable	321,158
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	500,295
Nondepreciable Capital Assets	1,798,594
Depreciable Capital Assets	33,726,554
Net Pension Asset	3,839
Total Assets	44,527,498
DEFERRED OUTFLOWS OF RESOURCES	
Pension	1,560,253
OPEB	240,302
Total Deferred Outflows of Resources	1,800,555
LIABILITIES	
Accounts Payable	200,405
Accrued Wages and Benefits	47,259
Intergovernmental Payable	35,762
Accrued Interest Payable	15,089
Retainage Payable	525
Unearned Revenue	36,161
Long-term Liabilities:	
Due Within One Year	427,684
Due in More than One Year:	
Net Pension Liability	3,827,020
Net OPEB Liability	195,100
Other Amounts Due in More than One Year	9,748,138
Total Liabilities	14,533,143
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	902,381
Pension	141,402
OPEB	222,230
Total Deferred Inflows of Resources	1,266,013
NET POSITION	
Net Investment in Capital Assets	25,754,747
Restricted for:	
Capital Projects	102,207
Debt Service	432,695
Streets	476,436
Road Levy	397,520
Fire Operating	790,987
Other Purposes	108,866
Unrestricted	2,465,439
Total Net Position	\$ 30,528,897

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, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
Security of Persons and Property	\$ 3,177,459	\$ 90,217	\$ 204,093	\$ -	\$ (2,883,149)
Public Health Services	4,133	-	-	-	(4,133)
Leisure Time Activities	938,610	799,780	6,674	-	(132,156)
Community Environment	51,409	43,839	-	-	(7,570)
Basic Utility Services	70,717	-	-	-	(70,717)
Transportation	2,258,038	-	323,669	66,542	(1,867,827)
General Government	1,020,026	3,305	1,288,540	-	271,819
Interest and Fiscal Charges	432,837	-	-	-	(432,837)
Total Primary Government	<u>\$ 7,953,229</u>	<u>\$ 937,141</u>	<u>\$ 1,822,976</u>	<u>\$ 66,542</u>	<u>(5,126,570)</u>
General Revenues:					
Property Taxes levied for:					
General Purposes					333,188
Roads					396,123
Municipal Income Taxes levied for:					
General Purposes					2,302,230
Fire Operations					1,163,926
Grants and Entitlements not Restricted to Specific Programs					170,749
Investment Income					140,554
All Other Revenues					19,757
Total General Revenues					<u>4,526,527</u>
Change in Net Position					(600,043)
Net Position - Beginning of Year					<u>31,128,940</u>
Net Position - End of Year					<u>\$ 30,528,897</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, 2023

	General Fund	Fire Income Tax	Road Levy	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 3,583,255	\$ 431,489	\$ 362,610	\$ 588,398	\$ 4,965,752
Materials and Supplies Inventory	-	-	-	10,157	10,157
Accounts Receivable	20,793	-	-	70,574	91,367
Intergovernmental Receivable	349,610	-	1,145	155,748	506,503
Prepaid Items	9,826	-	-	-	9,826
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	-	-	-	500,295	500,295
Municipal Income Taxes Receivable	1,087,154	535,464	-	-	1,622,618
Property Taxes Receivable	470,162	-	500,673	-	970,835
Special Assessments Receivable	321,158	-	-	-	321,158
Total Assets	\$ 5,841,958	\$ 966,953	\$ 864,428	\$ 1,325,172	\$ 8,998,511
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 181,241	\$ 5,319	-	\$ 13,845	\$ 200,405
Accrued Wages and Benefits	25,564	20,499	-	1,196	47,259
Intergovernmental Payable	23,247	11,343	-	1,172	35,762
Retainage Payable	525	-	-	-	525
Unearned Revenue	16,727	-	-	19,434	36,161
Total Liabilities	247,304	37,161	-	35,647	320,112
Deferred Inflows of Resources:					
Property Taxes	435,473	-	466,908	-	902,381
Unavailable Revenue - Delinquent Property Taxes	34,689	-	33,765	-	68,454
Unavailable Revenue - Income Taxes	680,126	334,988	-	-	1,015,114
Unavailable Revenue - Other	469,206	-	1,145	157,864	628,215
Total Deferred Inflows of Resources	1,619,494	334,988	501,818	157,864	2,614,164
Fund Balances:					
Reserved for:					
Nonspendable	9,826	-	-	10,157	19,983
Restricted	-	594,804	362,610	1,016,084	1,973,498
Committed	864,060	-	-	105,420	969,480
Assigned	36,804	-	-	-	36,804
Unassigned	3,064,470	-	-	-	3,064,470
Total Fund Balances	3,975,160	594,804	362,610	1,131,661	6,064,235

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, 2023

Total Governmental Fund Balances	\$ 6,064,235
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds	35,525,148
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:

Delinquent property taxes	\$ 68,454	
Municipal income taxes	1,015,114	
Special assessments	321,158	
Intergovernmental	249,969	
Charges for services	<u>57,088</u>	
Total		1,711,783

In the Statement of Activities, interest is accrued on outstanding bonds and loans, whereas in Governmental funds, an interest expenditure is reported when due.	(15,089)
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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	1,560,253	
Deferred Inflows - Pension	(141,402)	
Net Pension Liability	(3,827,020)	
Net Pension Asset	3,839	
Deferred Outflows - OPEB	240,302	
Deferred Inflows - OPEB	(222,230)	
Net OPEB Liability	<u>(195,100)</u>	
Total		(2,581,358)

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	(2,512,004)	
OPWC Loan	(301,584)	
Leases	(6,947,438)	
Compensated absences	<u>(414,796)</u>	
Total		<u>(10,175,822)</u>

Net Position of Governmental Activities	<u>\$ 30,528,897</u>
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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, 2023

	General Fund	Fire Income Tax	Road Levy	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 342,321	\$ -	\$409,835	\$ -	\$ 752,156
Municipal Income Taxes	2,216,979	1,118,783	-	-	3,335,762
Intergovernmental	1,361,658	59,318	2,290	620,097	2,043,363
Interest	117,457	-	-	23,097	140,554
Fees, Licenses, and Permits	47,184	-	-	-	47,184
Fines and Forfeitures	-	-	-	700	700
Charges for Services	801,616	-	-	75,585	877,201
Contributions and Donations	26	-	-	-	26
Special Assessments	83,266	-	-	-	83,266
All Other Revenues	15,754	-	-	4,003	19,757
Total Revenues	4,986,261	1,178,101	412,125	723,482	7,299,969
EXPENDITURES					
Current:					
Security of Persons and Property	1,534,717	1,106,564	-	116,301	2,757,582
Public Health Services	4,133	-	-	-	4,133
Leisure Time Activities	711,435	-	-	488	711,923
Community Environment	47,690	-	-	-	47,690
Basic Utility Services	48,917	-	1,800	20,000	70,717
Transportation	466,090	-	96,328	269,192	831,610
General Government	845,559	40,269	5,546	-	891,374
Capital Outlay	811,928	-	-	247,660	1,059,588
Debt Service:					
Principal Retirement	372,743	-	-	46,173	418,916
Interest and Fiscal Charges	386,627	-	-	1,054	387,681
Total Expenditures	5,229,839	1,146,833	103,674	700,868	7,181,214
Excess of Revenues Over (Under) Expenditures	(243,578)	31,268	308,451	22,614	118,755
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	54,500	54,500
Transfers Out	(47,228)	-	-	(7,272)	(54,500)
Total Other Financing Sources (Uses)	(47,228)	-	-	47,228	-
Net Change in Fund Balances	(290,806)	31,268	308,451	69,842	118,755
Fund Balances - Beginning of Year	4,265,966	563,536	54,159	1,061,819	5,945,480
Fund Balances - End of Year	\$ 3,975,160	\$ 594,804	\$362,610	\$ 1,131,661	\$ 6,064,235

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, 2023

Net Change in Fund Balances-Total Governmental Funds	\$ 118,755
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

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

Capital Outlay	\$ 792,762	
Depreciation	<u>(1,567,602)</u>	
Total		(774,840)

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.

(89,890)

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

Delinquent property taxes	(22,845)	
Municipal income taxes	130,394	
Special assessments	(51,330)	
Intergovernmental	(16,447)	
Charges for services	<u>13,445</u>	
Total		53,217

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

Pension	304,562
OPEB	4,746

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	(555,863)
OPEB	62,949

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

418,916

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	(143,612)	
Accrued interest on bonds	<u>1,017</u>	
Total		<u>(142,595)</u>

Change in Net Position of Governmental Activities	<u>\$ (600,043)</u>
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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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 315,809	\$ 330,836	\$ 342,321	\$ 11,485
Municipal Income Taxes	2,050,466	2,148,032	2,222,603	74,571
Intergovernmental	177,322	185,759	192,208	6,449
Interest	108,360	113,516	117,457	3,941
Fees, Licenses and Permits	43,312	45,373	46,948	1,575
Charges for Services	1,731	1,813	1,876	63
Special Assessments	76,817	80,472	83,266	2,794
All Other Revenues	12,854	13,466	13,933	467
Total Revenues	<u>2,786,671</u>	<u>2,919,267</u>	<u>3,020,612</u>	<u>101,345</u>
Expenditures:				
Current:				
Security of Persons and Property	1,583,985	1,580,178	1,485,220	94,958
Public Health Services	2,500	2,500	2,500	-
Leisure Time Activities	22,589	29,089	29,009	80
Community Environment	64,292	62,969	48,365	14,604
Basic Utility Services	45,500	69,420	48,917	20,503
Transportation	403,805	560,458	472,148	88,310
General Government	663,712	697,368	616,278	81,090
Capital Outlay	-	858,000	568,172	289,828
Total Expenditures	<u>2,786,383</u>	<u>3,859,982</u>	<u>3,270,609</u>	<u>589,373</u>
Excess of Revenues Over (Under)				
Expenditures	288	(940,715)	(249,997)	690,718
Other Financing Sources (Uses):				
Advances In	-	-	59,008	59,008
Advances Out	-	(9,000)	(9,000)	-
Transfers Out	(62,228)	(62,228)	(62,228)	-
Total Other Financing Sources (Uses)	<u>(62,228)</u>	<u>(71,228)</u>	<u>(12,220)</u>	<u>59,008</u>
Net Change in Fund Balance	(61,940)	(1,011,943)	(262,217)	749,726
Fund Balance - Beginning of Year	2,792,527	2,792,527	2,792,527	-
Prior Year Encumbrances Appropriated	87,078	87,078	87,078	-
Fund Balance - End of Year	<u>\$ 2,817,665</u>	<u>\$ 1,867,662</u>	<u>\$ 2,617,388</u>	<u>\$ 749,726</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, 2023

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal Income Taxes	\$ 953,532	\$ 1,043,667	\$ 1,124,706	\$ 81,039
Intergovernmental	51,468	56,333	60,707	4,374
Total Revenues	<u>1,005,000</u>	<u>1,100,000</u>	<u>1,185,413</u>	<u>85,413</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	999,948	999,948	983,742	16,206
Other	139,331	139,331	125,876	13,455
Total Security of Persons & Property	<u>1,139,279</u>	<u>1,139,279</u>	<u>1,109,618</u>	<u>29,661</u>
General Government				
Other	43,966	43,966	43,537	429
Total Expenditures	<u>1,183,245</u>	<u>1,183,245</u>	<u>1,153,155</u>	<u>30,090</u>
Net Change in Fund Balance	(178,245)	(83,245)	32,258	115,503
Fund Balance - Beginning of Year	360,623	360,623	360,623	-
Prior Year Encumbrances Appropriated	31,193	31,193	31,193	-
Fund Balance - End of Year	<u>\$ 213,571</u>	<u>\$ 308,571</u>	<u>\$ 424,074</u>	<u>\$ 115,503</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 415,050	\$ 414,477	\$ 409,835	\$ (4,642)
Intergovernmental	5,000	5,000	2,290	(2,710)
Total Revenues	<u>420,050</u>	<u>419,477</u>	<u>412,125</u>	<u>(7,352)</u>
Expenditures:				
Current:				
Basic Utilities				
Other	1,800	1,800	1,800	-
Transportation				
Other	99,191	99,191	98,715	476
General Government				
Other	5,546	5,546	5,546	-
Capital Outlay				
Other	350,638	350,638	-	350,638
Total Expenditures	<u>457,175</u>	<u>457,175</u>	<u>106,061</u>	<u>351,114</u>
Net Change in Fund Balance	(37,125)	(37,698)	306,064	343,762
Fund Balance - Beginning of Year	49,371	49,371	49,371	-
Prior Year Encumbrances Appropriated	7,175	7,175	7,175	-
Fund Balance - End of Year	<u>\$ 19,421</u>	<u>\$ 18,848</u>	<u>\$ 362,610</u>	<u>\$ 343,762</u>

See accompanying notes to the basic financial statements.

City of Reminderville, Ohio
Summit County
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2023

	Custodial Fund
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 170,068
Receivables:	
Income Taxes for Other Governments	624,685
Total Assets	<u>794,753</u>
 LIABILITIES	
Joint Economic Development District Receipts	794,753
Total Liabilities	<u>794,753</u>
 NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	-
Total Net Position	<u>\$ -</u>

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, 2023

	Custodial Fund
ADDITIONS	
Property Tax Collections for Other Governments	4,091,932
Total Additions	<u>4,091,932</u>
DEDUCTIONS	
Joint Economic Development District Disbursements	4,091,932
Total Deductions	<u>4,091,932</u>
Net Increase in Fiduciary Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	<u><u>\$ -</u></u>

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, 2023

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, 2023

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, 2023

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, 2023

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 assets 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, 2023

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, 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, 2023, but which were levied to finance year 2024 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 2023 amounted to \$117,457 which includes \$45,508 assigned from other City funds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

F. Receivables

Receivables at December 31, 2023, 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, 2023, 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	25-75 years
Equipment and Furniture	5-25 years
Vehicles	3-20 years
Infrastructure	15-70 years

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023

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, 2023

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 2023’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, 2023

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 2023.

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 2023.

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, 2023

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

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

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. These changes were incorporated in the City's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The implementation of this Statement did not have an effect on the financial statements of the City.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of this Statement did not have an effect on the financial statements of the City.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 Major Special Revenue Funds.

	General	Fire Income Tax	Road Levy
GAAP Basis	\$ (290,806)	\$ 31,268	\$ 308,451
Net Adjustment for Revenue Accruals	6,342	7,312	-
Net Adjustment for Expenditure Accruals	128,294	1,094	(2,387)
Advance In	59,008	-	-
Advance Out	(9,000)	-	-
Funds Budgeted Elsewhere	24,604	-	-
Encumbrances	(180,659)	(7,416)	-
Budget Basis	<u>\$ (262,217)</u>	<u>\$ 32,258</u>	<u>\$ 306,064</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits and Investments

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, 2023

Note 5 – Deposits and Investments (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. All of the City's financial institutions is enrolled in OPCS as of December 31, 2023.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits and Investments (continued)

At year-end the carrying amount of the City's deposits was \$774,849. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2023, \$301,148 of the City's bank balance of \$827,453 was covered by Federal Depository Insurance and \$393,047 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 \$133,258 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, 2023. All investments of the City are valued using quoted market prices (Level 1 inputs). At December 31, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>
			<1
STAR Ohio	\$ 4,360,971	AAAm	\$ 4,360,971
Money Market Mutual Funds	\$ 500,295	N/A	\$ 500,295
Total Investments	<u>\$ 4,861,266</u>		<u>\$ 4,861,266</u>

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 2023 are levied after October 1, 2023, on assessed value as of January 1, 2023, 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 2023 that became a lien on

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Receivables (continued)

December 31, 2022, are levied after October 1, 2022, and are collected in 2023 with real property taxes. The last reappraisal was completed for tax year 2022 affecting collections beginning in 2023.

The full tax rate for all City operations for the year ended December 31, 2023, was \$5.2 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

Real Property	\$ 149,688,790
Other Real Estate	4,887,120
Public Utility Personal Property	<u>1,657,050</u>
Total	<u><u>\$ 156,232,960</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 for the governmental funds follows:

Revenue Description	Amount
Local Government	\$ 57,599
Cents Per Gallon and Excise Tax	150,312
Homestead and Rollback	24,434
Permissive Tax	1,117
JEDD	267,722
Grants	<u>5,319</u>
Total Intergovernmental Receivable	<u><u>\$ 506,503</u></u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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:

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

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City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 8 – Capital Assets

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<u>Governmental Activities</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,571,390	\$ -	\$ -	\$ 1,571,390
Construction in Progress	58,800	227,204	(58,800)	227,204
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,630,190</u>	<u>227,204</u>	<u>(58,800)</u>	<u>1,798,594</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	17,313,758	-	-	17,313,758
Furniture and Equipment	1,213,012	273,566	(111,111)	1,375,467
Vehicles	1,593,891	350,792	(34,264)	1,910,419
Infrastructure:				
Roads and Culverts	13,051,225	-	-	13,051,225
Storm Sewer	20,639,446	-	-	20,639,446
<i>Total Capital Assets Being Depreciated</i>	<u>53,811,332</u>	<u>624,358</u>	<u>(145,375)</u>	<u>54,290,315</u>
<i>Total Capital Assets at Cost</i>	<u>55,441,522</u>	<u>851,562</u>	<u>(204,175)</u>	<u>56,088,909</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,291,059)	(416,232)	-	(7,707,291)
Furniture and Equipment	(475,994)	(100,560)	40,254	(536,300)
Vehicles	(659,877)	(83,717)	15,231	(728,363)
Infrastructure:				
Roads and Culverts	(6,939,253)	(606,543)	-	(7,545,796)
Storm Sewer	(3,685,461)	(360,550)	-	(4,046,011)
<i>Total Accumulated Depreciation</i>	<u>(19,051,644)</u>	<u>(1,567,602) *</u>	<u>55,485</u>	<u>(20,563,761)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>34,759,688</u>	<u>(943,244)</u>	<u>(89,890)</u>	<u>33,726,554</u>
Total Governmental Activities Capital Asset, Net	<u>\$ 36,389,878</u>	<u>\$ (716,040)</u>	<u>\$ (148,690)</u>	<u>\$ 35,525,148</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 109,481
Security of Persons and Property	167,598
Transportation	1,044,584
Leisure Time Activities	245,939
Total Depreciation Expense	<u>\$ 1,567,602</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Long-term obligations

Changes in long-term obligations during the year ended December 31, 2023, consisted of the following:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds	\$ 699,100	\$ -	\$ 41,700	\$ 657,400	\$ 43,400
Street Improvement Bonds	355,000	-	40,000	315,000	40,000
Geis Bond Anticipation Notes	1,629,772	-	90,168	1,539,604	82,403
<u>OPWC Loans - Direct Borrowings</u>					
Clipper Cove Culvert and Florida Street Drain	109,631	-	16,407	93,224	16,572
California Street Reconstruction	238,126	-	29,766	208,360	29,766
<i>Total OPWC Loans</i>	<u>347,757</u>	<u>-</u>	<u>46,173</u>	<u>301,584</u>	<u>46,338</u>
<u>Other Long-Term Obligations</u>					
Financed Purchases Payable - Direct Borrowings	7,148,313	-	200,875	6,947,438	208,989
Compensated Absences Payable	271,184	143,612	-	414,796	6,554
<i>Total Other Long-Term Obligations</i>	<u>7,419,497</u>	<u>143,612</u>	<u>200,875</u>	<u>7,362,234</u>	<u>215,543</u>
<u>Net Pension Liability</u>					
OPERS	518,892	1,156,619	-	1,675,511	-
OP&F	1,327,600	823,909	-	2,151,509	-
<i>Total Net Pension Liability</i>	<u>1,846,492</u>	<u>1,980,528</u>	<u>-</u>	<u>3,827,020</u>	<u>-</u>
<u>Net OPEB Liability</u>					
OPERS	-	33,840	-	33,840	-
OP&F	232,922	-	71,662	161,260	-
<i>Total Net Pension Liability</i>	<u>232,922</u>	<u>33,840</u>	<u>71,662</u>	<u>195,100</u>	<u>-</u>
Total Governmental Activities Long-Term Obligations	<u>\$12,530,540</u>	<u>\$2,157,980</u>	<u>\$ 490,578</u>	<u>\$14,197,942</u>	<u>\$ 427,684</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 City's JEDD proceeds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 financed purchases payable.

Amortization

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2023, are as follows:

Year	Bonds		Notes		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 83,400	\$ 42,467	\$ 82,403	\$ 57,029	\$ 46,338	\$ 725
2025	85,200	38,603	48,037	53,783	46,504	557
2026	92,100	34,738	85,422	50,484	46,672	387
2027	94,000	30,545	118,712	47,130	46,841	217
2028	96,000	26,440	122,941	42,901	47,013	217
2029-2033	388,800	71,255	655,967	146,095	68,216	44
2034-2036	132,900	8,279	426,122	30,680	-	-
	<u>\$ 972,400</u>	<u>\$ 252,327</u>	<u>\$ 1,539,604</u>	<u>\$ 428,102</u>	<u>\$ 301,584</u>	<u>\$ 2,147</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Financed Purchases Payable

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 a financed purchase payable 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.

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 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, 2023.

	Governmental Activities
Assets being Depreciated	
Cost	\$ 8,621,500
Less Accumulated Depreciation	
Depreciation	<u>(1,717,969)</u>
Current Book Value	<u>\$ 6,903,531</u>

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
2024	\$ 480,753
2025	480,753
2026	480,752
2027	480,753
2028	480,752
2029-2033	2,403,764
2034-2038	2,403,762
2039-2043	2,403,762
2045	<u>721,128</u>
Total	10,336,179
Less: Amount Representing Interest	<u>(3,388,741)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 6,947,438</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2023

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, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 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. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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.

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 was consolidated under the traditional pension plan (defined benefit plan) and the combined plan is no longer available for new hires beginning in 2022.

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension **	14.0 %
Post-Employment Health Care Benefits **	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

* 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 plan. Beginning July 1, 2022, the employer contribution rate for the combined plan is allocated 2 percent health care with the remainder going to pension. The employer contributions rate for the member-directed plan allocated 4 percent for health care with remainder going to pension.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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 2023 for the Traditional. The portion of the employer's contribution allocated to health care was 2% for the Combined plan and 4% for the Member-Directed plan for 2023. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$125,686 for 2023. Of this amount, \$10,124 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.

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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:

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
 Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$178,876 for 2023. Of this amount \$16,029 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability/asset used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005964%	0.001658%	0.0212504%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005672%	0.001629%	0.0226498%	
Change in Proportionate Share	-0.000292%	-0.000029%	0.0013994%	
Proportionate Share of the Net Pension Liability	\$ 1,675,511	\$ -	\$ 2,151,509	\$ 3,827,020
Proportionate Share of the Net Pension Asset	\$ -	\$ (3,839)	\$ -	\$ (3,839)
Pension Expense	\$ 276,592	\$ 518	\$ 278,753	\$ 555,863

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Deferred Outflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 477,573	\$ 1,399	\$ 313,234	\$ 792,206
Differences between expected and actual experience	55,654	236	32,271	88,161
Changes of assumptions	17,701	257	194,060	212,018
Changes in proportion and differences between City contributions and proportionate share of contributions	23,810	449	139,047	163,306
City contributions subsequent to the measurement date	124,779	907	178,876	304,562
Total Deferred Outflows of Resources	\$ 699,517	\$ 3,248	\$ 857,488	\$ 1,560,253
Deferred Inflows of Resources				
Changes of assumptions	\$ -	\$ -	\$ 41,954	\$ 41,954
Differences between expected and actual experience	-	548	49,018	49,566
Changes in proportion and differences between City contributions and proportionate share of contributions	32,111	310	17,461	49,882
Total Deferred Inflows of Resources	\$ 32,111	\$ 858	\$ 108,433	\$ 141,402

\$304,562 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 or increase to the net pension asset in the year ending December 31, 2024.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F	Total
Year Ending December 31:				
2024	\$ 66,909	\$ 86	\$ 74,361	\$ 141,356
2025	101,195	279	138,163	239,637
2026	140,575	384	147,329	288,288
2027	233,948	586	201,833	436,367
2028	-	27	8,493	8,520
Thereafter	-	121	-	121
Total	<u>\$ 542,627</u>	<u>\$ 1,483</u>	<u>\$ 570,179</u>	<u>\$ 1,114,289</u>

Actuarial Assumptions – OPERS

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

Projections of 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, 2022, 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.

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City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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

	<u>Traditional Pension Plan</u>	<u>Combined Plan</u>
Wage Inflation		
Current Measurement Date:	2.75 percent	2.75 percent
Prior Measurement Date:	2.75 percent	2.75 percent
Future Salary Increases, including inflation		
Current Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA		
Pre 1/7/2013 retirees:	3 percent, simple	3 percent, simple
Post 1/7/2013 retirees:		
Current Measurement Date:	3 percent, simple through 2023, then 2.05 percent simple	3 percent, simple through 2023, then 2.05 percent simple
Prior Measurement Date:	3 percent, simple through 2022, then 2.05 percent simple	3 percent, simple through 2022, then 2.05 percent simple
Investment Rate of Return		
Current Measurement Date:	6.9 percent	6.9 percent
Prior Measurement Date:	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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

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

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

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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of the geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 2,509,860	\$ 1,675,511	\$ 981,483
Combined Plan	\$ (2,004)	\$ (3,839)	\$ (5,294)

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022 is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below:

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple

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

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

The most recent experience study was completed December 31, 2021.

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
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Notes to the Financial Statements
For the Year Ended December 31, 2023

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, 2022 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
International Equity	12.40	5.50
Core Fixed Income *	25.00	2.50
U.S. Inflation Linked Bonds *	15.00	2.00
High Yield Fixed Income	7.00	4.40
Private Real Estate	12.00	5.30
Private Markets	10.00	7.90
Midstream Energy Infrastructure	5.00	5.90
Private Credit	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

* levered 2.5x

** Geometric mean, net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Defined Benefit Pension Plans (continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 2,838,255	\$ 2,151,509	\$ 1,580,616

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.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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. Effective January 1, 2022 the Combined Plan is no longer available for member selection.

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.

Currently, Medicare-eligible retirees can select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses, and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA.

For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

The base HRA allowance is determined by OPERS. Retirees receive a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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

1. Medicare Retirees – Medicare-eligible with a minimum of 20 years of qualifying service credit.
2. Non-Medicare Retirees – Non-Medicare retirees qualify based on the following age-and-service criteria:
 - a. Group A – 30 years of qualifying service credit at any age;
 - b. Group B – 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;
 - c. Group C – 32 years of qualifying service credit and minimum age 55; or,
 - d. A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service. Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Retirement Date	Group A		Group B		Group C	
	Age	Service	Age	Service	Age	Service
December 1, 2014 or Prior	Any	10	Any	10	Any	10
January 1, 2015 through December 31, 2021	60	20	52 60	31 20	55	32
	Any	30	Any	32	60	20

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.

City of Reminderville, Ohio
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Notes to the Financial Statements
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Note 12 – Defined Benefit OPEB Plans (continued)

Employer contribution rates are expressed as a percentage of covered payroll. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate employer contributions to health care for members in the Traditional Pension Plan. Effective July 1, 2022, OPERS began allocating 2.0 percent of the employer contribution rate to health care funding for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2023 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 \$178 for 2023.

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

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

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

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.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The City's contractually required contribution to OP&F was \$4,568 for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability/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:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability/Asset			
Prior Measurement Date	0.005633%	0.0212504%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.005367%	0.0226498%	
Change in Proportionate Share	<u>-0.000266%</u>	<u>0.0013994%</u>	
Proportionate Share of the Net OPEB			
Liability	\$ 33,840	\$ 161,260	\$ 195,100
OPEB Expense	\$ (57,979)	\$ (4,970)	\$ (62,949)

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 9,622	\$ 9,622
Changes of assumptions	33,052	80,361	113,413
Net difference between projected and actual earnings on pension plan investments	67,208	13,831	81,039
Changes in proportion and differences between City contributions and proportionate share of contributions	3,397	28,085	31,482
City contributions subsequent to the measurement date	<u>178</u>	<u>4,568</u>	<u>4,746</u>
Total Deferred Outflows of Resources	<u>\$ 103,835</u>	<u>\$ 136,467</u>	<u>\$ 240,302</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 8,441	\$ 31,795	\$ 40,236
Changes of assumptions	2,720	131,897	134,617
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>953</u>	<u>46,424</u>	<u>47,377</u>
Total Deferred Inflows of Resources	<u>\$ 12,114</u>	<u>\$ 210,116</u>	<u>\$ 222,230</u>

The \$4,746 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	\$ 13,900	\$ (20,562)	\$ (6,662)
2025	24,220	(15,390)	8,830
2026	20,957	(3,223)	17,734
2027	32,466	(523)	31,943
2028	-	(10,584)	(10,584)
Thereafter	<u>-</u>	<u>(27,935)</u>	<u>(27,935)</u>
Total	<u>\$ 91,543</u>	<u>\$ (78,217)</u>	<u>\$ 13,326</u>

City of Reminderville, Ohio
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Notes to the Financial Statements
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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, 2021, rolled forward to the measurement date of December 31, 2022. 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	
Current Measurement Date:	2.75 percent
Prior Measurement Date:	2.75 percent
Projected Salary Increases, including inflation	
Current Measurement Date:	2.75 to 10.75 percent, including wage inflation
Prior Measurement Date:	2.75 to 10.75 percent, including wage inflation
Single Discount Rate:	
Current Measurement Date:	5.22 percent
Prior Measurement Date:	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	
Current Measurement Date:	4.05 percent
Prior Measurement Date:	1.84 percent
Health Care Cost Trend Rate	
Current Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2036
Prior Measurement Date:	5.50 percent initial, 3.50 percent ultimate in 2034

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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

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 long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB liability	\$ 115,176	\$ 33,840	\$ 33,275

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net 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 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 31,719	\$ 33,840	\$ 36,227

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of 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, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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

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, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	18.60	4.80
Non-US Equity	12.40	5.50
Core Fixed Income *	25.00	2.50
U.S. Inflation Linked Bonds *	15.00	2.00
High Yield Fixed Income	7.00	4.40
Private Real Estate	12.00	5.30
Private Markets	10.00	7.90
Midstream Energy Infrastructure	5.00	5.90
Private Credit	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on 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 asset classes.

Discount Rate The total OPEB liability was calculated using the discount rate of 4.27 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, resulting in a discount rate of 4.27 percent.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Defined Benefit OPEB Plans (continued)

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

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$ 198,576	\$ 161,260	\$ 129,755

Note 13 – Contingent Liabilities

The City is not party to any legal proceedings seeking damages.

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%).

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 15 – 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	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Prepaid Items	\$ 9,826	\$ -	\$ -	\$ -	\$ 9,826
Inventories	-	-	-	10,157	10,157
<i>Total Nonspendable</i>	<u>9,826</u>	<u>-</u>	<u>-</u>	<u>10,157</u>	<u>19,983</u>
<i>Restricted for</i>					
Roads	-	-	362,610	372,316	734,926
Law Enforcement	-	-	-	103,734	103,734
Fire Operations	-	594,804	-	-	594,804
Capital Projects	-	-	-	102,207	102,207
Debt Service Payments	-	-	-	432,695	432,695
Other Purposes	-	-	-	5,132	5,132
<i>Total Restricted</i>	<u>-</u>	<u>594,804</u>	<u>362,610</u>	<u>1,016,084</u>	<u>1,973,498</u>
<i>Committed to</i>					
Joint Economic Development District	834,060	-	-	-	834,060
Ambulance Fund	-	-	-	105,420	105,420
Termination Benefits	30,000	-	-	-	30,000
<i>Total Committed</i>	<u>864,060</u>	<u>-</u>	<u>-</u>	<u>105,420</u>	<u>969,480</u>
<i>Assigned to</i>					
Purchases on Order:					
City Administration	12,897	-	-	-	12,897
Police Department	17,511	-	-	-	17,511
Service Department	3,913	-	-	-	3,913
Building Department	188	-	-	-	188
Senior Life	2,295	-	-	-	2,295
<i>Total Assigned</i>	<u>36,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,804</u>
<i>Unassigned</i>	<u>3,064,470</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,064,470</u>
Total Fund Balances	<u>\$ 3,975,160</u>	<u>\$ 594,804</u>	<u>\$ 362,610</u>	<u>\$ 1,131,661</u>	<u>\$ 6,064,235</u>

Note 16 – Transfers

Transfers of \$47,228 were made from the General Fund to the Ohio Public Works Loan Debt Service Fund to make debt service payments. The California Street Capital Project Fund transferred \$7,272 to the Street Construction, Maintenance, & Repair Fund for street repairs. 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, 2023

Note 17 – 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 began construction in 2023.

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	\$	36,804
Fire Income Tax		5,463
Non Major		58,074
Total Encumbrances	\$	<u>100,341</u>

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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 Nine Years (1)

Traditional Plan	2023	2022	2021
City's Proportion of the Net Pension Liability	0.005672%	0.005964%	0.005292%
City's Proportionate Share of the Net Pension Liability	\$ 1,675,511	\$ 518,892	\$ 783,630
City's Covered Payroll	\$ 879,236	\$ 865,507	\$ 745,343
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.56%	59.95%	105.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%
Combined Plan	2023	2022	2021
City's Proportion of the Net Pension (Asset)	0.001629%	0.001658%	0.001715%
City's Proportionate Share of the Net Pension (Asset)	\$ (3,839)	\$ (6,533)	\$ (4,951)
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	50.80%	86.45%	65.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.14%	169.88%	157.67%

(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

2020	2019	2018	2017	2016	2015
0.005426%	0.005954%	0.005899%	0.004768%	0.003446%	0.003751%
\$ 1,072,486	\$ 1,630,680	\$ 925,439	\$ 1,082,732	\$ 596,891	\$ 452,413
\$ 763,471	\$ 804,221	\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
140.48%	202.77%	118.71%	175.66%	138.44%	98.38%
82.17%	74.70%	84.66%	77.25%	81.08%	86.45%
2020	2019	2018	2017	2016	2015
0.001698%	0.001768%	0.001026%	0.002004%	0.002030%	0.002052%
\$ (3,541)	\$ (1,977)	\$ (1,397)	\$ (1,115)	\$ (988)	\$ (790)
\$ 7,557	\$ 7,557	\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
46.86%	26.16%	33.26%	14.29%	13.35%	10.53%
145.28%	126.64%	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 Nine Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the Net Pension Liability	0.022650%	0.021250%	0.020088%
City's Proportionate Share of the Net Pension Liability	\$ 2,151,509	\$ 1,327,600	\$ 1,369,401
City's Covered Payroll	\$ 670,026	\$ 594,089	\$ 545,889
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	321.11%	223.47%	250.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%

(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

2020	2019	2018	2017	2016	2015
0.020349%	0.019780%	0.019319%	0.023386%	0.019113%	0.019293%
\$ 1,370,788	\$ 1,614,571	\$ 1,185,682	\$ 1,481,262	\$ 1,229,544	\$ 999,447
\$ 550,779	\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
248.88%	316.56%	252.19%	264.41%	284.93%	235.20%
69.89%	63.07%	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 Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Contractually Required Contributions</u>				
Traditional Plan	\$ 124,779	\$ 123,093	\$ 121,171	\$ 104,348
Combined Plan	<u>907</u>	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Total Required Contributions	\$ 125,686	\$ 124,151	\$ 122,229	\$ 105,406
Contributions in Relation to the Contractually Required Contribution	<u>(125,686)</u>	<u>(124,151)</u>	<u>(122,229)</u>	<u>(105,406)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>				
Traditional Plan	\$ 891,279	\$ 879,236	\$ 865,507	\$ 745,343
Combined Plan	\$ 6,479	\$ 7,557	\$ 7,557	\$ 7,557
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Traditional Plan	14.00%	14.00%	14.00%	14.00%
Combined Plan	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$ 106,886	\$ 112,591	\$ 101,346	\$ 73,964	\$ 51,737	\$ 55,186
1,058	1,058	546	936	888	900
\$ 107,944	\$ 113,649	\$ 101,892	\$ 74,900	\$ 52,625	\$ 56,086
(107,944)	(113,649)	(101,892)	(74,900)	(52,625)	(56,086)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 763,471	\$ 804,221	\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
\$ 7,557	\$ 7,557	\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
14.00%	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 Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contributions	\$ 178,876	\$ 127,305	\$ 112,877	\$ 103,719
Contributions in Relation to the Contractually Required Contribution	<u>(178,876)</u>	<u>(127,305)</u>	<u>(112,877)</u>	<u>(103,719)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 913,481	\$ 670,026	\$ 594,089	\$ 545,889
Contributions as a Percentage of Covered- Employee Payroll	19.58%	19.00%	19.00%	19.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$ 104,648	\$ 96,907	\$ 89,329	\$ 106,441	\$ 81,989	\$ 80,739
<u>(104,648)</u>	<u>(96,907)</u>	<u>(89,329)</u>	<u>(106,441)</u>	<u>(81,989)</u>	<u>(80,739)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 550,779	\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
19.00%	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 Seven Years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the Net OPEB Liability/Asset	0.005367%	0.005633%	0.005002%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ 33,840	\$ (176,434)	\$ (89,115)
City's Covered Payroll	\$ 893,306	\$ 878,379	\$ 756,422
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	3.79%	-20.09%	-11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	94.79%	128.23%	115.57%

(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

2020		2019		2018		2017	
0.005133%		0.005613%		0.005590%		0.004550%	
\$	709,001	\$	731,803	\$	607,033	\$	459,565
\$	775,470	\$	814,208	\$	792,476	\$	629,085
91.43%		89.88%		76.60%		73.05%	
47.80%		46.33%		54.14%		54.04%	

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 Seven Years (1)

	2023	2022	2021
City's Proportion of the Net OPEB Liability	0.0226498%	0.0212504%	0.0200878%
City's Proportionate Share of the Net OPEB Liability	\$ 161,260	\$ 232,922	\$ 212,833
City's Covered Payroll	\$ 670,026	\$ 594,089	\$ 545,889
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.07%	39.21%	38.99%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%

(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

2020	2019	2018	2017
0.0203486%	0.0197796%	0.0193188%	0.0233900%
\$ 200,998	\$ 180,127	\$ 1,094,576	\$ 1,321,168
\$ 550,779	\$ 510,037	\$ 470,153	\$ 560,216
36.49%	35.32%	232.81%	235.83%
47.08%	46.57%	14.13%	15.96%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 178	\$ 260	\$ 212	\$ 141
Contributions in Relation to the Contractually Required Contribution	<u>(178)</u>	<u>(260)</u>	<u>(212)</u>	<u>(141)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 899,657	\$ 893,306	\$ 878,379	\$ 756,422
Contributions as a Percentage of Covered Payroll	0.02%	0.03%	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

2019	2018	2017	2016	2015
\$ 178	\$ 97	\$ 8,171	\$ 12,680	\$ 7,966
(178)	(97)	(8,171)	(12,680)	(7,966)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 775,470	\$ 814,208	\$ 792,476	\$ 629,085	\$ 432,825
0.02%	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 Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 4,568	\$ 3,350	\$ 2,970	\$ 2,729
Contributions in Relation to the Contractually Required Contribution	<u>(4,568)</u>	<u>(3,350)</u>	<u>(2,970)</u>	<u>(2,729)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 913,481	\$ 670,026	\$ 594,089	\$ 545,889
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,754	\$ 2,550	\$ 2,351	\$ 2,801	\$ 2,158	\$ 2,125
<u>(2,754)</u>	<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>	<u>\$ -</u>
\$ 550,779	\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
0.50%	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 2014-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016 and 2018. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables. For 2019, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 7.50% to 7.20%. For 2020, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 3.00% simple through 2018 to 1.40% simple through 2020, then 2.15% simple. For 2021, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the cost-of-living adjustments for post-1/7/2013 retirees were reduced from 1.40% simple through 2020 to 0.50% simple through 2021, then 2.15% simple. For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75% (b) the cost-of-living adjustments for post-1/7/2013 retirees were increased from 0.50% simple through 2021 to 3.00% simple through 2022, then 2.05% simple (c) the expected investment return was reduced from 7.20% to 6.90%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2023.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018-2023.

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

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

the prior measurement date: (a) the single discount rate changed from 3.16% to 6.00% (b) the municipal bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034. For 2023, the following changes in assumptions affected the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22% (b) the municipal bond rate changed from 1.84% to 4.05% (c) the health care cost trend rate changed from 5.50% initial and 3.50% ultimate in 2034 to 5.50% initial and 3.50% ultimate in 2036.

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 2014-2023.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the investment rate of return was reduced from 8.25 percent to 8.00 percent (b) the projected salary increases was reduced from 4.25% to 3.75% (c) the payroll increases was reduced from 3.75% to 3.25% (d) the inflation assumptions was reduced from 3.25% to 2.75% (e) the cost of living adjustments was reduced from 2.60% to 2.20% (f) rates of withdrawal, disability and service retirement were updated to reflect recent experience (g) mortality rates were updated to the RP-2014 Total Employee and Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2016 (h) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2016. For 2019-2021, there have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date. For 2022, the investment rate of return was reduced from 8.00 percent to 7.50 percent. For 2023, Mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates 68 adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below Medium Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

Net OPEB Liability

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2018 and 2020-2023. For 2019, see below regarding changes to stipend-based model.

City of Reminderville, Ohio

Summit County

Notes to the Required Supplementary Information

Changes in assumptions: For 2018, the single discount rate changed from 3.79 percent to 3.24 percent. For 2019, the changes of assumptions were: (a) beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years (b) beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5% (c) the single discount rate changed from 3.24 percent to 4.66 percent. For 2020, the single discount rate changed from 4.66 to 3.56. For 2021, the single discount rate changed from 3.56 to 2.96. For 2022, the single discount rate changed from 2.96 to 2.84. For 2023, the changes of assumptions were: (a) the single discount rate changed from 2.84% to 4.27% (b) the depletion year of OPEB assets is projected in year 2036 (c) mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2% for males and 98.7% for females. Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135% for males and 97.9% for females. Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9% for males and 131% for females. Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2022
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, 2022. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are:

- General revenues accounted for \$4,396,471 or 56% of total governmental activities revenue. Program specific revenues accounted for \$3,471,590 or 44% 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 \$5,006,645 and expenditures and other financing uses of \$4,460,231 during 2022. The net increase to the balance of the General Fund was \$546,414 or 15%. The Fire Income Tax Fund had revenues of \$1,146,753 and expenditures of \$1,063,082. The net increase of the Fire Income Tax Fund was \$83,671 or 17%. The Road Levy Fund had revenues of \$422,774 and expenditures of \$558,609. The net decrease of the Road Levy Fund was \$135,835 or 71%.
- The City's 2022 and 2023 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.

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.

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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 102 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 105-111 of this report.

City of Reminderville, Ohio
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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 112-113 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 115-161 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 162-179 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 2022?" 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
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For the Year Ended December 31, 2022
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 2022 and 2021.

Table 1

	Governmental Activities	
	2022	2021
ASSETS		
Current and Other Assets	\$ 8,891,778	\$ 8,115,517
Capital Assets, Net	36,389,878	37,611,886
Net Pension and OPEB Assets	182,967	4,951
Total Assets	45,464,623	45,821,469
DEFERRED OUTFLOWS OF RESOURCES		
Pension	799,583	392,687
OPEB	148,776	181,177
Total Deferred Outflows of Resources	948,359	573,864
LIABILITIES		
Current and Other Liabilities	545,078	333,174
Long-term Liabilities:		
Due Within One Year	428,845	483,981
Due in More than One Year:		
Net Pension Liability	1,846,492	2,153,031
Net OPEB Liability	232,922	212,833
Other Amounts	10,022,281	10,460,054
Total Liabilities	13,075,618	13,643,073
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	758,760	658,922
Pension	1,112,653	603,371
OPEB	337,011	471,929
Total Deferred Inflows of Resources	2,208,424	1,734,222
NET POSITION		
Net Investment in		
Capital Assets	26,151,136	26,913,075
Restricted	2,083,934	2,182,349
Unrestricted	2,893,870	1,922,614
Total Net Position	\$ 31,128,940	\$ 31,018,038

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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.

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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 \$31,128,940 at the close of 2022.

Total assets decreased from the prior year primarily due to a decrease in capital assets. Capital assets decreased due to current year depreciation. Current and other liabilities increased due to the increase in unearned revenue for unspent grant proceeds. Long-term liabilities other amounts decreased due to principal payments made on debt liabilities.

The primary reason for the changes in net pension and OPEB asset, deferred inflows of resources, deferred outflows of resources, net pension liability, and net OPEB liability were due to GASB 68 and GASB 75. The net pension liability and Net OPEB liability represent the City's proportionate share of the OPERS' and OP&F unfunded benefits for pension and OPEB. Changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of the net pension liability and net OPEB liability.

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.

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Table 2

	Governmental Activities	
	2022	2021
REVENUES		
Program Revenues:		
Charges for Services	\$ 870,264	\$ 739,143
Operating Grants and Contributions	2,169,261	1,462,782
Capital Grants and Contributions	432,065	48,608
Total Program Revenues	3,471,590	2,250,533
General Revenues:		
Property Taxes	772,305	803,401
Municipal Income Taxes	3,349,746	3,017,584
Grants and Entitlements	229,598	241,871
Investment Income	(49,838)	756
Gain on Sale of Capital Assets	53,228	-
All Other Revenues	41,432	3,789
Total General Revenues	4,396,471	4,067,401
Total Revenues	7,868,061	6,317,934
EXPENSES		
Program Expenses:		
Security of Persons and Property	3,080,136	2,196,810
Public Health Services	4,370	2,923
Leisure Time Activities	809,870	637,256
Community Environment	42,438	36,917
Basic Utility Services	549,575	23,470
Transportation	1,865,976	1,685,336
General Government	937,373	697,747
Interest and Fiscal Charges	467,421	419,213
Total Expenses	7,757,159	5,699,672
Change in Net Position	110,902	618,262
Net Position - Beginning of Year	31,018,038	30,399,776
Net Position - End of Year	\$ 31,128,940	\$ 31,018,038

Governmental Activities

Governmental activities net position increased \$110,902 in 2022. The three primary general revenue sources of governmental activities are municipal income taxes, property taxes and grants and entitlements revenues. Operating grants increased by \$706,479 mainly due to State and Local Fiscal Recovery Funds (SLFRF) grant and capital grants and contributions increased by \$383,457 mainly due to the grant received from Ohio Public Works Commission for infrastructure improvements. Municipal income taxes increased by \$332,162 due to continued population growth and collection activities.

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Unaudited

Total expenses were partially funded by \$870,264 and \$2,601,326 in direct charges to users of the services and operating/capital grants and contributions, respectively. General revenues accounted for \$4,396,471 or 56% of total governmental activities revenue. Revenues primarily consist of property and income tax revenue of \$4,122,051.

Security of persons and property, which primarily supports the operations of the fire and police departments, and accounted for \$3,080,136 of the total expenses of the City in 2022. Security of persons and property increased by \$883,326 mainly due to the recording of GASB Statements No. 68 and 75 as previously discussed, increase in staffing and depreciation. Basic utility services expenses increased by \$526,105 due to the addition of full-time employees, in order to better serve the City.

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 105. These funds are accounted for using the modified accrual basis of accounting.

The General fund balance increased \$546,414 due to revenues exceeding expenditures.

The Fire Income Tax fund balance increased slightly by \$83,671 due to an increase in municipal income tax revenue.

The Road Levy fund balance decreased \$135,835 due to expenditures related to a major road repair project.

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 2022, 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 \$2,479,836 and \$2,759,341 respectively. Actual revenues and other financial sources were \$3,557,236. The main differences between budgeted and actual revenues are municipal income tax revenues and advances. Original General Fund budgeted expenditures and other financing uses were \$2,581,574 and the final amended budget was \$3,086,314. Actual General Fund expenditures and other financing uses (less advances out) were \$2,777,942 or \$308,372 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, 2022
Unaudited

Capital Assets and Debt Administration

Capital Assets - The City's investment in capital assets for governmental activities as of December 31, 2022, amounts to \$36,389,878 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and furniture, vehicles, and infrastructure.

Table 3

	Governmental Activities	
	2022	2021
Land	\$ 1,571,390	\$ 1,571,390
Construction in progress	58,800	88,242
Buildings	10,022,699	10,347,276
Equipment and Furniture	737,018	605,046
Vehicles	934,014	925,110
Infrastructure	23,065,957	24,074,822
Total	\$ 36,389,878	\$ 37,611,886

The City is committed to maintaining its assets. Replacement of 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.

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

Debt – As of December 31, 2022, the City had \$10,179,942 in bonds, notes, loans, and capital leases outstanding. Of this amount, \$418,916 is due within one year.

Table 4

	Governmental Activities	
	2022	2021
Bonds	\$ 1,054,100	\$ 1,134,200
Notes	1,629,772	1,737,723
OPWC Loans	347,757	393,768
Financed Purchases	7,148,313	7,389,974
Total Outstanding Debt	\$ 10,179,942	\$ 10,655,665

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

City of Reminderville, Ohio
Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2022
Unaudited

Current Financial Related Activities

The City of Reminderville planned for and witnessed another solid fiscal year in 2022. General Fund revenues exceeded original budget projections by 11%, while expenditures held at 12% less than the final budgeted amount. This combination facilitated an operating surplus, resulting in an increase of nearly 10% of the General Fund balance. Consistent, conservative budgeting will aid the City in continuing to operate efficiently and effectively with available resources, while simultaneously continue 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, Kevin Huff 3382 Glenwood Blvd., Reminderville, Ohio 44202, telephone (330) 562-1234, e-mail finance@reminderville.com.

City of Reminderville, Ohio
Summit County
Statement of Net Position
December 31, 2022

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 5,051,419
Materials and Supplies Inventory	22,485
Accounts Receivable	77,169
Intergovernmental Receivable	525,619
Prepaid Items	11,570
Municipal Income Taxes Receivable	1,503,771
Property Taxes Receivable	850,059
Special Assessments Receivable	372,488
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	477,198
Nondepreciable Capital Assets	1,630,190
Depreciable Capital Assets	34,759,688
Net Pension Asset	6,533
Net OPEB Asset	176,434
Total Assets	45,464,623
DEFERRED OUTFLOWS OF RESOURCES	
Pension	799,583
OPEB	148,776
Total Deferred Outflows of Resources	948,359
LIABILITIES	
Accounts Payable	140,759
Contracts Payable	58,800
Accrued Wages and Benefits	45,893
Intergovernmental Payable	39,054
Accrued Interest Payable	16,106
Unearned Revenue	244,466
Long-term Liabilities:	
Due Within One Year	428,845
Due in More than One Year:	
Net Pension Liability	1,846,492
Net OPEB Liability	232,922
Other Amounts Due in More than One Year	10,022,281
Total Liabilities	13,075,618
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	758,760
Pension	1,112,653
OPEB	337,011
Total Deferred Inflows of Resources	2,208,424
NET POSITION	
Net Investment in Capital Assets	26,151,136
Restricted for:	
Capital Projects	70,236
Debt Service	414,234
Streets	478,391
Road Levy	104,032
Fire Operating	853,381
Other Purposes	163,660
Unrestricted	2,893,870
Total Net Position	\$ 31,128,940

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, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
Primary Government:					
Governmental activities:					
Security of Persons and Property	\$ 3,080,136	\$ 85,472	\$ 87,142	\$ -	\$ (2,907,522)
Public Health Services	4,370	-	-	-	(4,370)
Leisure Time Activities	809,870	734,730	249,870	-	174,730
Community Environment	42,438	50,062	-	-	7,624
Basic Utility Services	549,575	-	520,175	-	(29,400)
Transportation	1,865,976	-	308,794	432,065	(1,125,117)
General Government	937,373	-	1,003,280	-	65,907
Interest and Fiscal Charges	467,421	-	-	-	(467,421)
Total Primary Government	\$ 7,757,159	\$ 870,264	\$ 2,169,261	\$ 432,065	(4,285,569)
General Revenues:					
Property Taxes levied for:					
General Purposes					339,673
Roads					432,632
Municipal Income Taxes levied for:					
General Purposes					2,227,976
Fire Operations					1,121,770
Grants and Entitlements not Restricted to Specific Programs					229,598
Investment Income					(49,838)
Gain on Sale of Capital Assets					53,228
All Other Revenues					41,432
Total General Revenues					4,396,471
Change in Net Position					110,902
Net Position - Beginning of Year					31,018,038
Net Position - End of Year					\$ 31,128,940

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, 2022

	General Fund	Fire Income Tax	Road Levy	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 3,739,699	\$ 391,815	\$ 56,545	\$ 863,360	\$ 5,051,419
Materials and Supplies Inventory	-	-	-	22,485	22,485
Accounts Receivable	24,934	-	-	52,235	77,169
Interfund Receivable	50,008	-	-	-	50,008
Intergovernmental Receivable	369,418	1,389	2,396	152,416	525,619
Prepaid Items	11,570	-	-	-	11,570
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	-	-	-	477,198	477,198
Municipal Income Taxes Receivable	1,007,527	496,244	-	-	1,503,771
Property Taxes Receivable	387,323	-	462,736	-	850,059
Special Assessments Receivable	372,488	-	-	-	372,488
Total Assets	\$ 5,962,967	\$ 889,448	\$ 521,677	\$ 1,567,694	\$ 8,941,786
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 97,120	\$ 15,341	2,386	\$ 25,912	\$ 140,759
Accrued Wages and Benefits	27,504	17,249	-	1,140	45,893
Contracts Payable	-	-	-	58,800	58,800
Intergovernmental Payable	33,470	3,477	-	2,107	39,054
Interfund Payable	-	-	-	50,008	50,008
Unearned Revenue	17,333	-	-	227,133	244,466
Total Liabilities	175,427	36,067	2,386	365,100	578,980
Deferred Inflows of Resources:					
Property Taxes	343,501	-	415,259	-	758,760
Unavailable Revenue - Delinquent Property Taxes	43,822	-	47,477	-	91,299
Unavailable Revenue - Income Taxes	594,875	289,845	-	-	884,720
Unavailable Revenue - Other	539,376	-	2,396	140,775	682,547
Total Deferred Inflows of Resources	1,521,574	289,845	465,132	140,775	2,417,326
Fund Balances:					
Nonspendable	11,570	-	-	22,485	34,055
Restricted	-	563,536	54,159	953,633	1,571,328
Committed	912,429	-	-	85,701	998,130
Assigned	51,338	-	-	-	51,338
Unassigned	3,290,629	-	-	-	3,290,629
Total Fund Balances	4,265,966	563,536	54,159	1,061,819	5,945,480
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,962,967	\$ 889,448	\$ 521,677	\$ 1,567,694	\$ 8,941,786

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, 2022

Total Governmental Fund Balances	\$	5,945,480
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Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds		36,389,878
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:

Delinquent property taxes	\$	91,299	
Municipal income taxes		884,720	
Special assessments		372,488	
Intergovernmental		266,416	
Charges for services		43,643	
Total			1,658,566

In the Statement of Activities, interest is accrued on outstanding bonds and loans, whereas in Governmental funds, an interest expenditure is reported when due.		(16,106)
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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	799,583		
Deferred Inflows - Pension	(1,112,653)		
Net Pension Liability	(1,846,492)		
Net Pension Asset	6,533		
Net OPEB Asset	176,434		
Deferred Outflows - OPEB	148,776		
Deferred Inflows - OPEB	(337,011)		
Net OPEB Liability	(232,922)		
Total			(2,397,752)

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	(2,683,872)		
OPWC Loan	(347,757)		
Leases	(7,148,313)		
Compensated absences	(271,184)		
Total			(10,451,126)

Net Position of Governmental Activities	\$	31,128,940
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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, 2022

	General Fund	Fire Income Tax	Road Levy	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 317,549	\$ -	\$411,372	\$ -	\$ 728,921
Municipal Income Taxes	2,263,626	1,139,941	-	-	3,403,567
Intergovernmental	1,410,580	6,812	11,402	1,289,407	2,718,201
Interest	3,388	-	-	(53,226)	(49,838)
Fees, Licenses, and Permits	53,425	-	-	-	53,425
Fines and Forfeitures	-	-	-	310	310
Charges for Services	737,061	-	-	80,989	818,050
Special Assessments	85,190	-	-	-	85,190
All Other Revenues	40,123	-	-	1,309	41,432
Total Revenues	<u>4,910,942</u>	<u>1,146,753</u>	<u>422,774</u>	<u>1,318,789</u>	<u>7,799,258</u>
EXPENDITURES					
Current:					
Security of Persons and Property	1,529,474	1,026,185	-	57,249	2,612,908
Public Health Services	4,370	-	-	-	4,370
Leisure Time Activities	613,259	-	-	98,367	711,626
Community Environment	59,215	-	-	-	59,215
Basic Utility Services	24,500	-	4,900	-	29,400
Transportation	442,002	-	186,188	237,600	865,790
General Government	893,247	36,897	6,041	9,323	945,508
Capital Outlay	14,209	-	361,480	944,378	1,320,067
Debt Service:					
Principal Retirement	429,712	-	-	46,011	475,723
Interest and Fiscal Charges	404,013	-	-	19,198	423,211
Total Expenditures	<u>4,414,001</u>	<u>1,063,082</u>	<u>558,609</u>	<u>1,412,126</u>	<u>7,447,818</u>
Excess of Revenues Over (Under) Expenditures	<u>496,941</u>	<u>83,671</u>	<u>(135,835)</u>	<u>(93,337)</u>	<u>351,440</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	95,703	-	-	-	95,703
Transfers In	-	-	-	46,230	46,230
Transfers Out	(46,230)	-	-	-	(46,230)
Total Other Financing Sources (Uses)	<u>49,473</u>	<u>-</u>	<u>-</u>	<u>46,230</u>	<u>95,703</u>
Net Change in Fund Balances	<u>546,414</u>	<u>83,671</u>	<u>(135,835)</u>	<u>(47,107)</u>	<u>447,143</u>
Fund Balances - Beginning of Year	<u>3,719,552</u>	<u>479,865</u>	<u>189,994</u>	<u>1,108,926</u>	<u>5,498,337</u>
Fund Balances - End of Year	<u><u>\$ 4,265,966</u></u>	<u><u>\$ 563,536</u></u>	<u><u>\$ 54,159</u></u>	<u><u>\$ 1,061,819</u></u>	<u><u>\$ 5,945,480</u></u>

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, 2022

Net Change in Fund Balances-Total Governmental Funds	\$	447,143
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

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

Capital Outlay	\$	700,571	
Depreciation		(1,880,104)	
Total			(1,179,533)

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.

(42,475)

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

Delinquent property taxes	43,384	
Municipal income taxes	(53,821)	
Special assessments	(22,512)	
Intergovernmental	51,433	
Charges for services	(2,909)	
Total		15,575

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

Pension		251,456
OPEB		3,610

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		(45,721)
OPEB		166,137

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

475,723

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	17,186	
Accrued interest on bonds	1,801	
Total		18,987

Change in Net Position of Governmental Activities	\$	110,902
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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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 276,362	\$ 307,511	\$ 317,549	\$ 10,038
Municipal Income Taxes	1,901,667	2,116,006	2,185,079	69,073
Intergovernmental	169,643	188,764	194,926	6,162
Interest	2,949	3,281	3,388	107
Fees, Licenses and Permits	43,367	48,255	49,830	1,575
Fines and Forfeitures	2,469	2,747	2,837	90
Charges for Services	2,072	2,306	2,381	75
Special Assessments	74,141	82,497	85,190	2,693
All Other Revenues	7,166	7,974	8,234	260
Total Revenues	<u>2,479,836</u>	<u>2,759,341</u>	<u>2,849,414</u>	<u>90,073</u>
Expenditures:				
Current:				
Security of Persons and Property	1,490,274	1,556,391	1,468,283	88,108
Public Health Services	2,500	2,453	1,500	953
Leisure Time Activities	19,578	42,137	42,137	-
Community Environment	67,304	67,106	59,211	7,895
Basic Utility Services	10,000	54,938	35,000	19,938
Transportation	210,128	573,152	445,313	127,839
General Government	547,190	696,797	665,268	31,529
Debt Service:				
Principal	-	28,026	-	28,026
Interest & Fiscal Charges	-	4,084	-	4,084
Total Debt Service	-	32,110	-	32,110
Total Expenditures	<u>2,346,974</u>	<u>3,025,084</u>	<u>2,716,712</u>	<u>308,372</u>
Excess of Revenues Over (Under)				
Expenditures	132,862	(265,743)	132,702	398,445
Other Financing Sources (Uses):				
Sale of Capital Assets	-	-	7,822	7,822
Advances In	-	-	700,000	700,000
Advances Out	-	-	(750,008)	(750,008)
Transfers Out	(234,600)	(61,230)	(61,230)	-
Total Other Financing Sources (Uses)	<u>(234,600)</u>	<u>(61,230)</u>	<u>(103,416)</u>	<u>(42,186)</u>
Net Change in Fund Balance	(101,738)	(326,973)	29,286	356,259
Fund Balance - Beginning of Year	2,651,120	2,651,120	2,651,120	-
Prior Year Encumbrances Appropriated	112,121	112,121	112,121	-
Fund Balance - End of Year	<u>\$ 2,661,503</u>	<u>\$ 2,436,268</u>	<u>\$ 2,792,527</u>	<u>\$ 356,259</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Taxes	\$ 945,342	\$ 995,097	\$ 1,100,642	\$ 105,545
Intergovernmental	4,658	4,903	5,423	520
Total Revenues	<u>950,000</u>	<u>1,000,000</u>	<u>1,106,065</u>	<u>106,065</u>
Expenditures:				
Current:				
Security of Persons and Property				
Fire				
Personal Services	853,743	911,060	907,030	4,030
Other	141,937	150,279	137,329	12,950
Total Security of Persons & Property	<u>995,680</u>	<u>1,061,339</u>	<u>1,044,359</u>	<u>16,980</u>
General Government				
Other	41,159	43,967	43,301	666
Total Expenditures	<u>1,036,839</u>	<u>1,105,306</u>	<u>1,087,660</u>	<u>17,646</u>
Net Change in Fund Balance	(86,839)	(105,306)	18,405	123,711
Fund Balance - Beginning of Year	309,023	309,023	309,023	-
Prior Year Encumbrances Appropriated	33,195	33,195	33,195	-
Fund Balance - End of Year	<u>\$ 255,379</u>	<u>\$ 236,912</u>	<u>\$ 360,623</u>	<u>\$ 123,711</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 407,880	\$ 410,127	\$ 411,373	\$ 1,246
Intergovernmental	11,304	11,366	11,401	35
Total Revenues	<u>419,184</u>	<u>421,493</u>	<u>422,774</u>	<u>1,281</u>
Expenditures:				
Current:				
Basic Utilities				
Other	4,900	4,900	4,900	-
Transportation				
Other	199,044	228,352	217,168	11,184
General Government				
Other	5,208	6,041	6,041	-
Capital Outlay				
Other	336,120	385,979	361,479	24,500
Total Expenditures	<u>545,272</u>	<u>625,272</u>	<u>589,588</u>	<u>35,684</u>
Excess of Revenues Over (Under) Expenditures	<u>(126,088)</u>	<u>(203,779)</u>	<u>(166,814)</u>	<u>36,965</u>
Other Financing Sources (Uses)				
Advances In	-	-	700,000	700,000
Advances Out	-	-	(700,000)	(700,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(126,088)	(203,779)	(166,814)	36,965
Fund Balance - Beginning of Year	170,913	170,913	170,913	-
Prior Year Encumbrances Appropriated	45,272	45,272	45,272	-
Fund Balance - End of Year	<u>\$ 90,097</u>	<u>\$ 12,406</u>	<u>\$ 49,371</u>	<u>\$ 36,965</u>

See accompanying notes to the basic financial statements.

City of Reminderville, Ohio
Summit County
Statement of Fiduciary Net Position
Custodial Fund
December 31, 2022

	Custodial Fund
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 143,627
Receivables:	
Income Taxes for Other Governments	638,030
Total Assets	<u>781,657</u>
 LIABILITIES	
Joint Economic Development District Receipts	781,657
Total Liabilities	<u>781,657</u>
 NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	-
Total Net Position	<u>\$ -</u>

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, 2022

	Custodial Fund
ADDITIONS	
Property Tax Collections for Other Governments	4,402,892
Total Additions	<u>4,402,892</u>
DEDUCTIONS	
Joint Economic Development District Disbursements	4,402,892
Total Deductions	<u>4,402,892</u>
Net Increase in Fiduciary Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	<u><u>\$ -</u></u>

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, 2022

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, 2022

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, 2022

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, 2022

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 assets 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, 2022

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, 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, 2022, but which were levied to finance year 2023 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 2022 amounted to \$3,388 which includes \$29,618 assigned from other City funds.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

F. Receivables

Receivables at December 31, 2022, 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, 2022, 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>	<u>Governmental Activities Estimated Lives</u>
Buildings	25-75 years
Equipment and Furniture	5-25 years
Vehicles	3-20 years
Infrastructure	15-70 years

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022

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, 2022

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, 2022

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 2022.

R. Estimates

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

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 2022.

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, 2022

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

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

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

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

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Changes in Accounting Principles (continued)

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

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. These changes were incorporated in the City's fiscal year 2022 financial statements.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 Major Special Revenue Funds.

	General	Fire Income Tax	Road Levy
GAAP Basis	\$ 546,414	\$ 83,671	\$ (135,835)
Net Adjustment for Revenue Accruals	(104,346)	(40,688)	-
Net Adjustment for Expenditure Accruals	43,892	6,615	(23,804)
Advance In	700,000	-	-
Advance Out	(750,008)	-	-
Funds Budgeted Elsewhere	(319,588)	-	-
Encumbrances	(87,078)	(31,193)	(7,175)
Budget Basis	<u>\$ 29,286</u>	<u>\$ 18,405</u>	<u>\$ (166,814)</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

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, 2022

Note 5 – Deposits and Investments (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, 2022.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments (continued)

At year-end the carrying amount of the City's deposits was 5,195,046. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2022, \$301,221 of the City's bank balance of \$5,229,964 was covered by Federal Depository Insurance and \$3,232,830 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 \$1,695,913 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, 2022. All investments of the City are valued using quoted market prices (Level 1 inputs). At December 31, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Measurement Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>
			<1
Money Market Mutual Funds	\$ 477,198	N/A	\$ 477,198
Total Investments	<u>\$ 477,198</u>		<u>\$ 477,198</u>

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 2022 are levied after October 1, 2021, on assessed value as of January 1, 2021, 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 2022 that became a lien on

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Receivables (continued)

December 31, 2021, are levied after October 1, 2021, and are collected in 2022 with real property taxes. The last reappraisal was completed for tax year 2021 affecting collections beginning in 2022.

The full tax rate for all City operations for the year ended December 31, 2022, was \$5.2 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2022 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	\$ 60,360
Cents Per Gallon and Excise Tax	147,155
Homestead and Rollback	24,502
Permissive Tax	1,031
JEDD	273,442
Grants	<u>19,129</u>
Total Intergovernmental Receivable	<u><u>\$ 525,619</u></u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Capital Assets

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
<u>Governmental Activities</u>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 1,571,390	\$ -	\$ -	\$ 1,571,390
Construction in Progress	88,242	60,416	(89,858)	58,800
<i>Total Capital Assets Not Being Depreciated</i>	<u>1,659,632</u>	<u>60,416</u>	<u>(89,858)</u>	<u>1,630,190</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	17,223,900	89,858	-	17,313,758
Furniture and Equipment	880,799	359,229	(27,016)	1,213,012
Vehicles	1,392,378	280,926	(79,413)	1,593,891
Infrastructure:				
Roads and Culverts	13,051,225	-	-	13,051,225
Storm Sewer	20,639,446	-	-	20,639,446
<i>Total Capital Assets Being Depreciated</i>	<u>53,187,748</u>	<u>730,013</u>	<u>(106,429)</u>	<u>53,811,332</u>
<i>Total Capital Assets at Cost</i>	<u>54,847,380</u>	<u>790,429</u>	<u>(196,287)</u>	<u>55,441,522</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,876,624)	(414,435)	-	(7,291,059)
Furniture and Equipment	(275,753)	(215,831)	15,590	(475,994)
Vehicles	(467,268)	(240,973)	48,364	(659,877)
Infrastructure:				
Roads and Culverts	(6,290,938)	(648,315)	-	(6,939,253)
Storm Sewer	(3,324,911)	(360,550)	-	(3,685,461)
<i>Total Accumulated Depreciation</i>	<u>(17,235,494)</u>	<u>(1,880,104)</u>	<u>63,954</u>	<u>(19,051,644)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>35,952,254</u>	<u>(1,150,091)</u>	<u>(42,475)</u>	<u>34,759,688</u>
Total Governmental Activities				
Capital Asset, Net	<u>\$ 37,611,886</u>	<u>\$ (1,089,675)</u>	<u>\$ (132,333)</u>	<u>\$ 36,389,878</u>

*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 103,898
Security of Persons and Property	457,676
Transportation	1,075,066
Leisure Time Activities	243,464
<i>Total Depreciation Expense</i>	<u>\$ 1,880,104</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Long-term obligations

Changes in long-term obligations during the year ended December 31, 2022, consisted of the following:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds	\$ 739,200	\$ -	\$ 40,100	\$ 699,100	\$ 41,700
Street Improvement Bonds	395,000	-	40,000	355,000	40,000
Geis Bond Anticipation Notes	1,737,723	-	107,951	1,629,772	90,168
<u>OPWC Loans - Direct Borrowings</u>					
Clipper Cove Culvert and Florida Street Drain	125,876	-	16,245	109,631	16,407
California Street Reconstruction	267,892	-	29,766	238,126	29,766
<i>Total OPWC Loans</i>	<u>393,768</u>	<u>-</u>	<u>46,011</u>	<u>347,757</u>	<u>46,173</u>
<u>Other Long-Term Obligations</u>					
Financed Purchases Payable - Direct Borrowings	7,389,974	-	241,661	7,148,313	200,875
Compensated Absences Payable	288,370	2,136	19,322	271,184	9,929
<i>Total Other Long-Term Obligations</i>	<u>7,678,344</u>	<u>2,136</u>	<u>260,983</u>	<u>7,419,497</u>	<u>210,804</u>
<u>Net Pension Liability</u>					
OPERS	783,630	-	264,738	518,892	-
OP&F	1,369,401	-	41,801	1,327,600	-
<i>Total Net Pension Liability</i>	<u>2,153,031</u>	<u>-</u>	<u>306,539</u>	<u>1,846,492</u>	<u>-</u>
<u>Net OPEB Liability</u>					
OP&F	212,833	20,089	-	232,922	-
<i>Total Net Pension Liability</i>	<u>212,833</u>	<u>20,089</u>	<u>-</u>	<u>232,922</u>	<u>-</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$ 13,309,899</u>	<u>\$ 22,225</u>	<u>\$ 801,584</u>	<u>\$ 12,530,540</u>	<u>\$ 428,845</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, 2022

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 financed purchases payable.

Amortization

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

Year	Bonds		Notes		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 81,700	\$ 46,113	\$ 90,168	\$ 60,642	\$ 46,173	\$ 1,055
2024	83,400	42,467	82,403	57,029	46,338	891
2025	85,200	38,603	48,037	53,783	46,504	725
2026	92,100	34,738	85,422	50,484	46,672	557
2027	94,000	30,545	118,712	47,130	46,841	387
2028-2032	422,300	89,635	646,515	169,121	115,229	261
2033-2036	195,400	16,339	558,515	50,555	-	-
	<u>\$ 1,054,100</u>	<u>\$ 298,440</u>	<u>\$ 1,629,772</u>	<u>\$ 488,744</u>	<u>\$ 347,757</u>	<u>\$ 3,876</u>

Note 10 – Financed Purchases Payable

The City leases a vehicle under non-cancelable leases that will transfer ownership at the end of the lease. In 2022, the City paid a total of \$50,315 to the lessors. The vehicle lease was paid in full in 2022.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Financed Purchases Payable (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 a financed purchase payable 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.

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 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, 2022.

	<u>Governmental Activities</u>
Assets being Depreciated	
Cost	\$ 8,621,500
Less Accumulated Depreciation	
Depreciation	<u>(1,495,644)</u>
Current Book Value	<u><u>\$ 7,125,856</u></u>

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:

<u>Year Ending December 31:</u>	<u>Governmental Activities</u>
2023	\$ 480,752
2024	480,753
2025	480,753
2026	480,752
2027	480,753
2028-2032	2,403,763
2033-2037	2,403,763
2038-2042	2,403,762
2043-2045	<u>1,201,880</u>
Total	10,816,931
Less: Amount Representing Interest	<u>(3,668,618)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 7,148,313</u></u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2022

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, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 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. Cost-of-living adjustments for OPERS members in 2022 will be 3 percent for all those eligible to receive the annual benefit increase.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

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 below:

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

* 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.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2022 for the Traditional and Combined plans. The portion of the employer's contribution allocated to health care was 4% for the Member-Directed plan for 2022. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$124,151 for 2022. Of this amount, \$19,363 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.

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.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

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:

	<u>Police</u>	<u>Firefighters</u>
2022 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2022 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$127,305 for 2022. Of this amount \$12,383 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS Traditional Pension Plan</u>	<u>OPERS Combined Pension Plan</u>	<u>OP&F Police</u>	<u>Total</u>
Proportion of the Net Pension Liability/Asset Prior Measurement Date	0.005292%	0.001715%	0.0200878%	
Proportion of the Net Pension Liability/Asset Current Measurement Date	0.005964%	0.001658%	0.0212504%	
Change in Proportionate Share	<u>0.000672%</u>	<u>-0.000057%</u>	<u>0.0011626%</u>	
Proportionate Share of the Net Pension Liability	\$ 518,892	\$ (6,533)	\$ 1,327,600	\$ 1,839,959
Pension Expense	\$ (65,318)	\$ (225)	\$ 111,267	\$ 45,724

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

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

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	\$ 26,452	\$ 40	\$ 38,276	\$ 64,768
Changes of assumptions	64,887	326	242,627	307,840
Changes in proportion and differences between City contributions and proportionate share of contributions	83,011	396	92,112	175,519
City contributions subsequent to the measurement date	123,093	1,058	127,305	251,456
Total Deferred Outflows of Resources	<u>\$ 297,443</u>	<u>\$ 1,820</u>	<u>\$ 500,320</u>	<u>\$ 799,583</u>
Deferred Inflows of Resources				
Net difference between projected and actual earnings on pension plan investments	\$ 617,201	\$ 1,401	\$ 348,079	\$ 966,681
Differences between expected and actual experience	11,381	733	69,017	81,131
Changes in proportion and differences between City contributions and proportionate share of contributions	6,258	382	58,201	64,841
Total Deferred Inflows of Resources	<u>\$ 634,840</u>	<u>\$ 2,516</u>	<u>\$ 475,297</u>	<u>\$ 1,112,653</u>

\$251,456 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Pension Plan	OPERS Combined Pension Plan	OP&F Police	Total
Year Ending December 31:				
2023	\$ (28,690)	\$ (421)	\$ (12,858)	\$ (41,969)
2024	(188,489)	(585)	(84,428)	(273,502)
2025	(145,129)	(388)	(24,329)	(169,846)
2026	(98,182)	(276)	(15,781)	(114,239)
2027	-	(68)	35,114	35,046
Thereafter	-	(16)	-	(16)
Total	<u>\$ (460,490)</u>	<u>\$ (1,754)</u>	<u>\$ (102,282)</u>	<u>\$ (564,526)</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions – OPERS

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

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

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

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

OPERS manages investments in three investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2021 and the long-term expected real rates of return:

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Defined Benefit Pension Plans (continued)

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

City's proportionate share of the net pension liability/(asset)	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Traditional Pension Plan	\$ 1,368,082	\$ 518,892	\$ 187,747
Combined Plan	\$ (4,875)	\$ (6,533)	\$ (7,826)

Actuarial Assumptions – OP&F

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2021, are presented below:

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple

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

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

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

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

The most recent experience study was completed December 31, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2021 are summarized below:

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

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 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 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 1,968,812	\$ 1,327,600	\$ 793,628

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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.

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

In order to qualify for postemployment health care coverage, generally age and service retirees under the Traditional Pension and Combined Plans must be at least age sixty with twenty or more years of qualifying Ohio service credit, or thirty years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of covered payroll. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$260 for 2022.

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

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

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75. The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively.

The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

The City's contractually required contribution to OP&F was \$3,350 for 2022.

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, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/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:

	OPERS	OP&F	Total
Proportion of the Net OPEB Liability/Asset Prior Measurement Date	0.005002%	0.0200878%	
Proportion of the Net OPEB Liability/Asset Current Measurement Date	0.005633%	0.0212504%	
Change in Proportionate Share	0.000631%	0.0011626%	
Proportionate Share of the Net OPEB Liability/(Asset)	\$ (176,434)	\$ 232,922	\$ 56,488
OPEB Expense	\$ (165,124)	\$ (1,013)	\$ (166,137)

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City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ -	\$ 10,596	\$ 10,596
Changes of assumptions	-	103,100	103,100
Changes in proportion and differences between City contributions and proportionate share of contributions	9,873	21,597	31,470
City contributions subsequent to the measurement date	<u>260</u>	<u>3,350</u>	<u>3,610</u>
Total Deferred Outflows of Resources	<u>\$ 10,133</u>	<u>\$ 138,643</u>	<u>\$ 148,776</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 26,763	\$ 30,781	\$ 57,544
Changes of assumptions	71,418	27,051	98,469
Net difference between projected and actual earnings on OPEB plan investments	84,110	21,042	105,152
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>4,552</u>	<u>71,294</u>	<u>75,846</u>
Total Deferred Inflows of Resources	<u>\$ 186,843</u>	<u>\$ 150,168</u>	<u>\$ 337,011</u>

The \$3,610 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and increase of the net OPEB asset in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2023	\$ (110,813)	\$ (10,470)	\$ (121,283)
2024	(35,700)	(13,591)	(49,291)
2025	(18,379)	(8,486)	(26,865)
2026	(12,078)	4,008	(8,070)
2027	-	6,506	6,506
Thereafter	<u>-</u>	<u>7,158</u>	<u>7,158</u>
Total	<u>\$ (176,970)</u>	<u>\$ (14,875)</u>	<u>\$ (191,845)</u>

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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, 2020, rolled forward to the measurement date of December 31, 2021. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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

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

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

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

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

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 2021 and the long-term expected real rates of return:

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

Discount Rate A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2021. A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121.

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2121, the duration of the projection period through which projected health care payments are fully funded.

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

The following table presents the City's proportionate share of the net OPEB 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	\$ 103,760	\$ 176,434	\$ 236,755

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 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	\$ 178,341	\$ 176,434	\$ 174,172

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

Actuarial Assumptions – OP&F

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple

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

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

City of Reminderville, Ohio
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Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

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

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

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

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

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

Note: Assumptions are geometric

* levered 2x

** numbers are net of expected inflation

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.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Defined Benefit OPEB Plans (continued)

Discount Rate The total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021 and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.50 percent, which resulted in a blended discount rate of 2.84 percent. The municipal bond rate was determined using the 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 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$ 292,788	\$ 232,922	\$ 183,712

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

Note 13 – Contingent Liabilities

The City is not party to any legal proceedings seeking damages.

City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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%).

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City of Reminderville, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 15 – 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	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Prepaid Items	\$ 11,570	\$ -	\$ -	\$ -	\$ 11,570
Inventories	-	-	-	22,485	22,485
<i>Total Nonspendable</i>	<u>11,570</u>	<u>-</u>	<u>-</u>	<u>22,485</u>	<u>34,055</u>
<i>Restricted for</i>					
Roads	-	-	54,159	364,303	418,462
Law Enforcement	-	-	-	103,551	103,551
Fire Operations	-	563,536	-	-	563,536
Capital Projects	-	-	-	70,236	70,236
Debt Service Payments	-	-	-	414,234	414,234
Other Purposes	-	-	-	1,309	1,309
<i>Total Restricted</i>	<u>-</u>	<u>563,536</u>	<u>54,159</u>	<u>953,633</u>	<u>1,571,328</u>
<i>Committed to</i>					
Joint Economic Development District	897,429	-	-	-	897,429
Ambulance Fund	-	-	-	85,701	85,701
Termination Benefits	15,000	-	-	-	15,000
<i>Total Committed</i>	<u>912,429</u>	<u>-</u>	<u>-</u>	<u>85,701</u>	<u>998,130</u>
<i>Assigned to</i>					
Purchases on Order:					
City Administration	8,423	-	-	-	8,423
Police Department	25,634	-	-	-	25,634
Service Department	5,681	-	-	-	5,681
Building Department	967	-	-	-	967
Storm Sewers	10,500	-	-	-	10,500
Senior Life	133	-	-	-	133
<i>Total Assigned</i>	<u>51,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,338</u>
<i>Unassigned</i>	<u>3,290,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,290,629</u>
Total Fund Balances	<u><u>\$ 4,265,966</u></u>	<u><u>\$ 563,536</u></u>	<u><u>\$ 54,159</u></u>	<u><u>\$ 1,061,819</u></u>	<u><u>\$ 5,945,480</u></u>

Note 16 – 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, 2022

Note 17 – 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 2023.

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	\$	51,338
Fire Income Tax		16,776
Road Levy		7,175
Non Major		231,526
Total Encumbrances	\$	<u>306,815</u>

Note 18 – 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 2022, 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.

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

Traditional Plan	2022	2021	2020
City's Proportion of the Net Pension Liability	0.005964%	0.005292%	0.005426%
City's Proportionate Share of the Net Pension Liability	\$ 518,892	\$ 783,630	\$ 1,072,486
City's Covered Payroll	\$ 865,507	\$ 745,343	\$ 763,471
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	59.95%	105.14%	140.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%
Combined Plan	2022	2021	2020
City's Proportion of the Net Pension (Asset)	0.001658%	0.001715%	0.001698%
City's Proportionate Share of the Net Pension (Asset)	\$ (6,533)	\$ (4,951)	\$ (3,541)
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	86.45%	65.52%	46.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	169.88%	157.67%	145.28%

(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

2019	2018	2017	2016	2015
0.005954%	0.005899%	0.004768%	0.003446%	0.003751%
\$ 1,630,680	\$ 925,439	\$ 1,082,732	\$ 596,891	\$ 452,413
\$ 804,221	\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
202.77%	118.71%	175.66%	138.44%	98.38%
74.70%	84.66%	77.25%	81.08%	86.45%
2019	2018	2017	2016	2015
0.001768%	0.001026%	0.002004%	0.002030%	0.002052%
\$ (1,977)	\$ (1,397)	\$ (1,115)	\$ (988)	\$ (790)
\$ 7,557	\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
26.16%	33.26%	14.29%	13.35%	10.53%
126.64%	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 Eight Years (1)

Police	2022	2021	2020
City's Proportion of the Net Pension Liability	0.0212504%	0.0200878%	0.0203486%
City's Proportionate Share of the Net Pension Liability	\$ 1,327,600	\$ 1,369,401	\$ 1,370,788
City's Covered Payroll	\$ 594,089	\$ 545,889	\$ 550,779
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	223.47%	250.86%	248.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%

(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

2019	2018	2017	2016	2015
0.0197800%	0.0193188%	0.0233863%	0.0191129%	0.0192928%
\$ 1,614,571	\$ 1,185,682	\$ 1,481,262	\$ 1,229,544	\$ 999,447
\$ 510,037	\$ 470,153	\$ 560,216	\$ 431,521	\$ 424,942
316.56%	252.19%	264.41%	284.93%	235.20%
63.07%	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 Nine Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Contractually Required Contributions</u>			
Traditional Plan	\$ 123,093	\$ 121,171	\$ 104,348
Combined Plan	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Total Required Contributions	\$ 124,151	\$ 122,229	\$ 105,406
Contributions in Relation to the Contractually Required Contribution	<u>(124,151)</u>	<u>(122,229)</u>	<u>(105,406)</u>
Contribution Deficiency / (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>City's Covered Payroll</u>			
Traditional Plan	\$ 879,236	\$ 865,507	\$ 745,343
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 year will be displayed as it becomes available.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$ 106,886	\$ 112,591	\$ 101,346	\$ 73,964	\$ 51,737	\$ 55,186
1,058	1,058	546	936	888	900
\$ 107,944	\$ 113,649	\$ 101,892	\$ 74,900	\$ 52,625	\$ 56,086
(107,944)	(113,649)	(101,892)	(74,900)	(52,625)	(56,086)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 763,471	\$ 804,221	\$ 779,585	\$ 616,367	\$ 431,142	\$ 459,883
\$ 7,557	\$ 7,557	\$ 4,200	\$ 7,800	\$ 7,400	\$ 7,500
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
14.00%	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 Nine Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Contractually Required Contributions</u>				
Police	\$ 127,305	\$ 112,877	\$ 103,719	\$ 104,648
Total Required Contributions	\$ 127,305	\$ 112,877	\$ 103,719	\$ 104,648
Contributions in Relation to the Contractually Required Contribution	(127,305)	(112,877)	(103,719)	(104,648)
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -
<u>City's Covered Payroll</u>				
Police	\$ 670,026	\$ 594,089	\$ 545,889	\$ 550,779
<u>Pension Contributions as a Percentage of Covered Payroll</u>				
Police	19.00%	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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 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)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 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 Six Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
City's Proportion of the Net OPEB Liability/Asset	0.005633%	0.005002%	0.005133%
City's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (176,434)	\$ (89,115)	\$ 709,001
City's Covered Payroll	\$ 878,379	\$ 756,422	\$ 775,470
City's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-20.09%	-11.78%	91.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	128.23%	115.57%	47.80%

(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

2019	2018	2017
0.005613%	0.005590%	0.004550%
\$ 731,803	\$ 607,033	\$ 459,565
\$ 814,208	\$ 792,476	\$ 629,085
89.88%	76.60%	73.05%
46.33%	54.14%	54.04%

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 Six Years (1)

	2022	2021	2020
City's Proportion of the Net OPEB Liability	0.0212504%	0.0200878%	0.0203486%
City's Proportionate Share of the Net OPEB Liability	\$ 232,922	\$ 212,833	\$ 200,998
City's Covered Payroll	\$ 594,089	\$ 545,889	\$ 550,779
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.21%	38.99%	36.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.86%	45.42%	47.08%

(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

2019	2018	2017
0.0197796%	0.0193188%	0.0233900%
\$ 180,127	\$ 1,094,576	\$ 1,321,168
\$ 510,037	\$ 470,153	\$ 560,216
35.32%	232.81%	235.83%
46.57%	14.13%	15.96%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually Required Contribution	\$ 260	\$ 212	\$ 141
Contributions in Relation to the Contractually Required Contribution	<u>(260)</u>	<u>(212)</u>	<u>(141)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 893,306	\$ 878,379	\$ 756,422
Contributions as a Percentage of Covered Payroll	0.03%	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 178	\$ 97	\$ 8,171	\$ 12,680	\$ 7,966
<u>(178)</u>	<u>(97)</u>	<u>(8,171)</u>	<u>(12,680)</u>	<u>(7,966)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 775,470	\$ 814,208	\$ 792,476	\$ 629,085	\$ 432,825
0.02%	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 Nine Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$ 3,350	\$ 2,970	\$ 2,729	\$ 2,754
Contributions in Relation to the Contractually Required Contribution	<u>(3,350)</u>	<u>(2,970)</u>	<u>(2,729)</u>	<u>(2,754)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City Covered Payroll	\$ 670,026	\$ 594,089	\$ 545,889	\$ 550,779
Contributions as a Percentage of Covered Payroll	0.50%	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 2014-2022.

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

Net OPEB Liability

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

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

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

bond rate changed from 2.75% to 2.00% (c) the health care cost trend rate changed from 10.50% initial and 3.50% ultimate in 2030 to 8.50% initial and 3.50% ultimate in 2035. For 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the expected long-term average wage inflation rate was reduced from 3.25% to 2.75%. (b) the municipal bond rate changed from 2.00% to 1.84% (c) the health care cost trend rate changed from 8.50% initial and 3.50% ultimate in 2035 to 5.50% initial and 3.50% ultimate in 2034.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Net Pension Liability

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

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

Net OPEB Liability

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

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

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OHIO AUDITOR OF STATE KEITH FABER

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

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

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Reminderville, Summit County, (the City) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 13, 2025, wherein we referred to the financial impact of COVID-19 and the continuing emergency measures.

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 purpose 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying schedule of findings. 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2025

**CITY OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. Budgetary Amounts Not Recorded in the Accounting System

FINDING NUMBER 2023-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board/Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the City and the appropriation ledger provides the process by which the City controls spending, it is therefore necessary the amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the City and the receipts ledger provides the process by which the City controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The following errors were noted on the Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis) - General Fund:

- In fiscal year 2022, Final Budgeted Expenditures were overstated by \$56,288.
- In fiscal year 2023, Final Budgeted Expenditures were overstated by \$596,400.

The City did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the City should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by Council. The City should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: The city will implement procedures to accurately post budgetary measures and amendments to the accounting system going forward.

**CITY OF REMINDERVILLE
SUMMIT COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023**

Finding Number	Finding Summary	Status	Additional Information
2021-001	Appropriations Exceeding Estimated Resources	Corrected	none

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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 2/25/2025

65 East State 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