

**OHIO AUDITOR OF STATE  
KEITH FABER**



**City of Eastlake  
Lake County, Ohio**

**General Purpose External Financial Statements  
For the Year Ended December 31, 2021**

**Local Government Services Section**

**City of Eastlake, Ohio**  
*Basic Financial Statements*  
*For the Year Ended December 31, 2021*  
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# OHIO AUDITOR OF STATE KEITH FABER



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## Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements of the City of Eastlake as of and for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management's Discussion and Analysis is supplementary information required by the Governmental Accounting Standards Board and was prepared by management. We did not compile, review or audit the information nor do we express an opinion, a conclusion, nor provide any assurance on the information.

The Schedules of the City's Proportionate Share of Net Pension Liability, the Schedules of the City's Proportionate Share of Net OPEB Liability (Asset) and the Schedules of the City's Contributions are not part of the basic financial statements but the Governmental Accounting Standards Board requires their presentation to supplement the basic financial statement. We have compiled these schedules without audit or review and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this information.

KEITH FABER  
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson  
Chief of Local Government Services  
Columbus, Ohio

May 24, 2022

**City of Eastlake, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2021*  
*Unaudited*

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The discussion and analysis of the City of Eastlake's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers are encouraged to consider the information presented here in conjunction with the additional information contained in the basic financial statements and notes to enhance their understanding of the City's financial performance.

### **Financial Highlights**

Financial highlights for 2021 are as follows:

- In 2021, the City's governmental fund balance increased by \$1,491,840. The general fund increased by \$1,301,799.
- The City continues to focus on the maintenance and repair of streets. During 2021, the City completed significant work to Willoway Beach Shoreline and Jakse pool as well as continued improvements to Stevens Boulevard and Stevens Pavement.
- In 2021, the City continued work on a \$3.5 million project for storm sewer and pump station improvements to the Galalina Area Pump Station as well as a \$6 million Waverly Road sewer repair project. The City also has several projects at Willoway Beach, Plymouth Drive, Quentin Road, North Parkway and Wicklow, totaling \$1 million.

### **Using This Annual Financial Report**

This discussion and analysis is intended to serve as an introduction to the City of Eastlake's basic financial statements. These statements are organized so that readers can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasing detailed look at specific financial conditions.

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

### ***The City of Eastlake as a Whole***

#### *Statement of Net Position and the Statement of Activities*

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

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The statement of net position presents information on all of the City of Eastlake's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between all the elements 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 of Eastlake is improving or deteriorating. However, the analysis on the City's condition must also look at the City's tax base, property tax evaluation and the condition of the City's assets.

The statement of activities presents information showing how the City's net position changed during the recent 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 cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Eastlake that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Eastlake include general government, security of persons and property (police and fire), public health services, leisure time activities, community environment, basic utility services and transportation. Business-type activities include sanitary sewer and storm water operations.

***Reporting the City's Most Significant Funds***

**Fund Financial Statements** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eastlake, 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 of Eastlake can be divided into two categories: governmental and proprietary.

**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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the year.

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*.

The City of Eastlake maintains 50 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, fire and ems levy special revenue funds, general bond retirement debt service fund and the road improvement capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into single, aggregated presentation.

The City of Eastlake adopts an annual appropriated budget for each of its funds to demonstrate budgetary compliance.

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**Proprietary Funds** The City of Eastlake's proprietary funds are the sanitary sewer and storm water enterprise funds. Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail.

**Notes to the Basic Financial Statements** The notes provide additional information that are essential for a full understanding of the data provided in the government-wide and fund financial statements.

**The City as a Whole**

As noted earlier, the statement of net position looks at the City as a whole. The following table provides a summary of the City's net position for 2021 compared to 2020.

**Table 1**  
*Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021*	2020*
<b>Assets</b>						
Current and Other Assets	\$24,377,158	\$21,427,794	\$5,297,201	\$5,479,731	\$29,674,359	\$26,907,525
Capital Assets, Net	38,243,718	38,568,602	14,641,569	12,465,853	52,885,287	51,034,455
<b>Total Assets</b>	<b>62,620,876</b>	<b>59,996,396</b>	<b>19,938,770</b>	<b>17,945,584</b>	<b>82,559,646</b>	<b>77,941,980</b>
<b>Deferred Outflows of Resources</b>						
Deferred Charge on Refunding	402,188	469,220	0	0	402,188	469,220
Asset Retirement Obligation	14,059	14,439	514,000	642,500	528,059	656,939
Pension	2,682,415	2,568,760	41,068	89,086	2,709,203	2,561,575
OPEB	1,479,368	1,650,947	20,109	52,868	1,489,507	1,642,226
<i>Total Deferred Outflows of Resources</i>	<i>4,578,030</i>	<i>4,703,366</i>	<i>575,177</i>	<i>784,454</i>	<i>5,128,957</i>	<i>5,329,960</i>
<b>Liabilities</b>						
Current Liabilities	2,422,712	1,406,068	903,081	986,682	3,325,793	2,392,750
Long-Term Liabilities						
Due Within One Year	1,559,469	1,547,442	22,563	29,387	1,582,032	1,576,829
Due in More Than One Year	7,733,741	8,784,757	10,715,798	8,173,650	18,449,539	16,958,407
Net Pension Liability	14,606,471	14,788,574	165,964	242,031	14,772,435	15,030,605
Net OPEB Liability	1,866,032	3,789,765	0	157,524	1,866,032	3,947,289
<i>Total Liabilities</i>	<i>28,188,425</i>	<i>30,316,606</i>	<i>11,807,406</i>	<i>9,589,274</i>	<i>39,995,831</i>	<i>39,905,880</i>
<b>Deferred Inflows of Resources</b>						
Property Tax	4,906,120	4,714,601	0	0	4,906,120	4,714,601
Pension	2,292,250	2,079,752	85,911	147,610	2,363,881	2,131,091
OPEB	1,653,479	1,031,959	66,791	84,017	1,710,300	1,054,387
<i>Total Deferred Inflows of Resources</i>	<i>8,851,849</i>	<i>7,826,312</i>	<i>152,702</i>	<i>231,627</i>	<i>8,980,301</i>	<i>7,900,079</i>
<b>Net Position</b>						
Net Investment in Capital Assets	30,688,157	29,784,972	5,645,242	6,082,654	36,333,399	35,867,626
Restricted for:						
Capital Projects	1,558,426	1,516,979	0	0	1,558,426	1,516,979
Debt Service	302,316	493,536	0	0	302,316	493,536
Other Purposes	4,175,975	3,583,345	0	0	4,175,975	3,583,345
Unrestricted (Deficit)	(6,566,242)	(8,821,988)	2,908,597	2,826,483	(3,657,645)	(5,995,505)
<b>Total Net Position</b>	<b>\$30,158,632</b>	<b>\$26,556,844</b>	<b>\$8,553,839</b>	<b>\$8,909,137</b>	<b>\$38,712,471</b>	<b>\$35,465,981</b>

\* After deferred outflows of resources and deferred inflows of resources related the change in internal proportionate share of pension/OPEB related items have been eliminated.

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The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2021. 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.

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.

Total net position for governmental activities showed an increase from 2020. This was largely due to overall revenues outpacing expenditures. Total net position for business-type activities saw a decrease as expenses outpaced capital grants and contributions.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current year.

**Table 2**  
*Change in Net Position*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$1,977,212	\$1,491,481	\$2,451,842	\$2,760,804	\$4,429,054	\$4,252,285
Operating Grants and Contributions	1,797,900	4,235,817	0	0	1,797,900	4,235,817
Capital Grants and Interest	334,538	557,168	210,249	2,025,815	544,787	2,582,983
Total Program Revenues	<u>4,109,650</u>	<u>6,284,466</u>	<u>2,662,091</u>	<u>4,786,619</u>	<u>6,771,741</u>	<u>11,071,085</u>

(continued)



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**Table 2**  
*Change in Net Position*  
*(continued)*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues (continued)</b>						
General Revenues						
Property Taxes	\$4,961,349	\$5,139,261	\$0	\$0	\$4,961,349	\$5,139,261
Municipal Income Taxes	8,269,913	7,933,806	0	0	8,269,913	7,933,806
Hotel Taxes	62,443	30,273	0	0	62,443	30,273
Permissive MVL Taxes	167,493	113,274	0	0	167,493	113,274
Grants and Entitlements	1,668,815	1,994,686	0	0	1,668,815	1,994,686
Franchise Taxes	297,956	259,470	0	0	297,956	259,470
Interest	10,883	74,133	0	0	10,883	74,133
Other	180,830	46,281	0	0	180,830	46,281
Total General Revenues	15,619,682	15,591,184	0	0	15,619,682	15,591,184
<i>Total Revenues</i>	<i>19,729,332</i>	<i>21,875,650</i>	<i>2,662,091</i>	<i>4,786,619</i>	<i>22,391,423</i>	<i>26,662,269</i>
<b>Program Expenses</b>						
General Government	4,028,581	4,040,185	0	0	4,028,581	4,040,185
Security of Persons and Property	8,141,962	6,195,453	0	0	8,141,962	6,195,453
Public Health Services	223,292	222,377	0	0	223,292	222,377
Transportation	1,730,805	3,286,553	0	0	1,730,805	3,286,553
Community Environment	143,405	975,971	0	0	143,405	975,971
Basic Utility Services	484,316	415,760	0	0	484,316	415,760
Leisure Time Activities	1,159,766	838,949	0	0	1,159,766	838,949
Interest and Fiscal Charges	217,299	252,944	0	0	217,299	252,944
Sanitary Sewer	0	0	2,531,986	2,737,536	2,531,986	2,737,536
Storm Water	0	0	483,521	1,770,892	483,521	1,770,892
<i>Total Expenses</i>	<i>16,129,426</i>	<i>16,228,192</i>	<i>3,015,507</i>	<i>4,508,428</i>	<i>19,144,933</i>	<i>20,736,620</i>
Increase (Decrease) in Net Position						
Before Transfers	3,599,906	5,647,458	(353,416)	278,191	3,246,490	5,925,649
Transfers	1,882	3,127	(1,882)	(3,127)	0	0
Change in Net Position	3,601,788	5,650,585	(355,298)	275,064	3,246,490	5,925,649
Net Position Beginning of Year	26,556,844	20,906,259	8,909,137	8,634,073	35,465,981	29,540,332
Net Position End of Year	\$30,158,632	\$26,556,844	\$8,553,839	\$8,909,137	\$38,712,471	\$35,465,981

**Governmental Activities**

Several revenue sources fund governmental activities with City municipal income tax being the largest contributor. The City has a current municipal income tax rate of 2 percent and grants a 2 percent credit to residents who pay municipal income tax to another city. Property tax collections are the next largest source of general revenue for governmental activities. The City collects 3 mills of inside millage and has approved 9.8 mills of outside millage. The outside millage is generated from a 1.8 mill general fund operating levy, 3 mill road levy, a .5 mill fire levy and a new additional 4.5 mill fire levy. The 1.8 mill operating levy was renewed by the voters on November 2, 2021. The .5 mill fire levy was renewed by the voters in the November 5, 2019 election and an additional 4.5 mill fire levy was passed by the voters on May 2, 2017. On November 3, 2020,

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voters renewed the 3 mill road levy for an additional 5 years with collections starting in 2021. The City is constantly reviewing its fee structure to ensure that all fees constitute a fair charge for the cost of providing government services. During 2021, property tax revenue collections remained consistent with the prior year. Municipal income taxes saw a slight increase from 2020 largely due to the coronavirus pandemic and the effect it has had on the local economy.

Program expenses decreased from 2020 levels. The most substantial decreases were in general government, community environment and transportation expenses, which were offset by increases in security of persons and property, basic utility services and leisure time activities expenses.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted grants and entitlements.

**Table 3**  
 Total and Net Cost of Program Services  
 Governmental Activities

	2021		2020	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$4,028,581	(\$3,412,303)	\$4,040,185	(\$3,121,075)
Security of Persons and Property	8,141,962	(6,972,956)	6,195,453	(3,654,597)
Public Health Services	223,292	(193,325)	222,377	(191,834)
Transportation	1,730,805	(89,843)	3,286,553	(1,894,797)
Community Environment	143,405	(83,074)	975,971	(21,264)
Basic Utility Services	484,316	(484,308)	415,760	(415,758)
Leisure Time Activities	1,159,766	(566,668)	838,949	(391,457)
Interest and Fiscal Charges	217,299	(217,299)	252,944	(252,944)
<b>Total</b>	<b>\$16,129,426</b>	<b>(\$12,019,776)</b>	<b>\$16,228,192</b>	<b>(\$9,943,726)</b>

***Business-Type Activities***

The City's business-type activities are comprised of two enterprise funds, which are the City's sanitary sewer system and storm water collection. Revenues saw a decrease for 2021 due to a decrease in operating grants the City applied for and received. The expenses decreased due to a decrease in sewer projects the City is currently working on.

***Governmental Funds Financial Analysis***

A review of the City's governmental funds provides information on near-term flows and balances of expendable resources and serves as a useful measure of the City's net resources. Governmental fund information can be found beginning on page 16 and is accounted for using the modified accrual basis of accounting.

The City's major governmental funds are the general fund, fire and EMS levy special revenue fund, general bond retirement debt service fund and the road improvement capital projects fund. The general fund revenues exceeded expenditures for the year after transfers out are included. Municipal income taxes saw an increase in collections from 2020. Expenditures increased slightly. Management continues to monitor it's

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spending to stay in line with the budget. The fire and ems levy special revenue fund balance increased due to revenues outpacing expenditures for the year. The general bond retirement fund saw a decrease in fund balance as a result of debt payments exceeding revenues. The road improvement capital projects fund saw a decrease in fund balance as property tax revenues and intergovernmental revenues were lower than the prior year. The City also completed significant work on Willoway Beach Shoreline and Jakse pool as well as continued improvements to Stevens Boulevard and Stevens Pavement.

**General Fund Budgeting Highlights**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During the course of 2021, the City amended its general fund accordingly to avoid waiting until the end of the year to adjust appropriations. All recommendations for budget changes are presented to the Finance Committee of Council before going to City Council for legislative action to approve the change. Budgetary changes normally consist of requests for additional funds to cover grant reimbursed expenditures and emergency construction work. The control level of the general fund is by object within each department. This allows the City to make small interdepartmental budget modifications within departments. The general fund is monitored closely with regard to revenues and related expenditures. There was an increase in revenues from the final budget due to an increased amount of municipal income taxes, intergovernmental, charges for services, fees, licenses and permits, franchise taxes, fines and forfeitures and other revenue received than expected. There was a decrease in actual expenditures made compared to the final budget. This was due to restricting spending as much as possible in the City's efforts to continue its financial recovery.

**Capital Assets and Debt Administration**

*Capital Assets*

Table 4 shows 2021 balances of capital assets as compared to 2020.

**Table 4**  
 Capital Assets at December 31  
 (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$7,952,005	\$7,792,984	\$75,556	\$75,556	\$8,027,561	\$7,868,540
Construction in Progress	2,817,633	2,339,377	3,127,275	1,118,812	5,944,908	3,458,189
Land Improvements	10,850,607	11,182,352	0	0	10,850,607	11,182,352
Buildings and Improvements	4,053,328	4,094,997	8,577,842	8,822,140	12,631,170	12,917,137
Machinery and Equipment	2,210,511	2,336,242	610,073	670,230	2,820,584	3,006,472
Vehicles	3,101,373	3,507,307	111,610	126,371	3,212,983	3,633,678
Infrastructure	7,258,261	7,315,343	2,139,213	1,652,744	9,397,474	8,968,087
Total Capital Assets	<u>\$38,243,718</u>	<u>\$38,568,602</u>	<u>\$14,641,569</u>	<u>\$12,465,853</u>	<u>\$52,885,287</u>	<u>\$51,034,455</u>

For 2021, the primary additions for governmental activities included construction in progress that includes Stevens Boulevard, Stevens Pavement, improvements to North Parkway, Wicklow, Willoway Beach shoreline, Jakse pool, East Island road and waterline, Captains stadium and splash park. Various building improvements throughout the City were in response to the pandemic. The City also purchased a Dodge Durango for the police department as well as a Chevy Silverado for the fire department. These additions were offset by another year of depreciation.

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The City is engaged in large storm water projects at Admiral Drive, Plymouth Drive and Quentin Road as well as improvements to the Galalina area pump station and Waverly Road sewer repairs which constitutes additions to construction in progress for business-type activities. Additional information concerning the City's capital assets can be found in Note 11 to the basic financial statements.

**Debt**

Table 5 summarizes the City's long-term obligations outstanding at December 31, 2021.

**Table 5**  
 Outstanding Long-Term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation Bonds	\$6,670,000	\$7,745,000	\$0	\$0	\$6,670,000	\$7,745,000
OPWC Loans	346,133	219,859	104,318	91,555	450,451	311,414
OWDA Loans	0	0	8,032,356	5,505,119	8,032,356	5,505,119
Capital Leases	775,146	948,873	0	0	775,146	948,873
Compensated Absences	1,415,432	1,331,968	31,687	36,363	1,447,119	1,368,331
Asset Retirement Obligation	86,499	86,499	2,570,000	2,570,000	2,656,499	2,656,499
Net Pension Liability	14,606,471	14,788,574	165,964	242,031	14,772,435	15,030,605
Net OPEB Liability	1,866,032	3,789,765	0	157,524	1,866,032	3,947,289
<b>Total</b>	<b>\$25,765,713</b>	<b>\$28,910,538</b>	<b>\$10,904,325</b>	<b>\$8,602,592</b>	<b>\$36,670,038</b>	<b>\$37,513,130</b>

At December 31, 2021, the general obligation bonds outstanding consist of the 2020 general obligation refunding bonds. The OPWC loans outstanding are for infrastructure improvement projects, which are being repaid using road improvement capital project revenues as well as storm and sewer improvement capital contributions.

In addition to the debt discussed above, the City's long-term obligations also include OWDA loans, capital leases, compensated absences, asset retirement obligation liability, pension and OPEB. Additional information concerning debt issuances can be found in Note 16 to the basic financial statements.

**Current Related Financial Activities**

The City maintains a careful watch over its financial operations. This, coupled with an improving economy, should help the City continue to remain financially strong. In addition, the City of Eastlake has a strong internal control system, and has implemented even more stringent budgeting and procurement standards to help the City meet the challenges of the future. The City remains open to providing the Citizens of Eastlake with full disclosure of the financial position of the City.

**Contacting the City of Eastlake's Financial Management**

This financial report is designed to provide the citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Director, City of Eastlake, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

# **Basic Financial Statements**

**City of Eastlake, Ohio**  
*Statement of Net Position*  
*December 31, 2021*

	Governmental Activities	Business-Type Activities	Total*
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$14,089,619	\$3,968,541	\$18,058,160
Accounts Receivable	368,374	453,867	822,241
Intergovernmental Receivable	1,610,130	832,973	2,443,103
Municipal Income Taxes Receivable	2,130,795	0	2,130,795
Hotel Taxes Receivable	6,811	0	6,811
Permissive Motor Vehicle Taxes Receivable	70,290	0	70,290
Prepaid Items	135,019	0	135,019
Materials and Supplies Inventory	164,227	1,957	166,184
Property Taxes Receivable	5,510,550	0	5,510,550
Special Assessments Receivable	0	21,265	21,265
Net OPEB Asset	291,343	18,598	309,941
Nondepreciable Capital Assets	10,769,638	3,202,831	13,972,469
Depreciable Capital Assets, Net	27,474,080	11,438,738	38,912,818
<i>Total Assets</i>	<u>62,620,876</u>	<u>19,938,770</u>	<u>82,559,646</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	402,188	0	402,188
Asset Retirement Obligation	14,059	514,000	528,059
Pension	2,682,415	41,068	2,709,203
OPEB	1,479,368	20,109	1,489,507
<i>Total Deferred Outflows of Resources</i>	<u>4,578,030</u>	<u>575,177</u>	<u>5,128,957</u>
<b>Liabilities</b>			
Accounts Payable	323,096	27,611	350,707
Contracts Payable	385,838	742,219	1,128,057
Accrued Wages	257,204	6,478	263,682
Retainage Payable	15,578	117,434	133,012
Matured Compensated Absences Payable	40,169	0	40,169
Intergovernmental Payable	326,508	9,339	335,847
Deposits Held Payable	122,072	0	122,072
Accrued Interest Payable	21,685	0	21,685
Unearned Revenue	930,562	0	930,562
Long-Term Liabilities:			
Due Within One Year	1,559,469	22,563	1,582,032
Due In More Than One Year	7,733,741	10,715,798	18,449,539
Net Pension Liability (See Note 13)	14,606,471	165,964	14,772,435
Net OPEB Liability (See Note 14)	1,866,032	0	1,866,032
<i>Total Liabilities</i>	<u>28,188,425</u>	<u>11,807,406</u>	<u>39,995,831</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,906,120	0	4,906,120
Pension	2,292,250	85,911	2,363,881
OPEB	1,653,479	66,791	1,710,300
<i>Total Deferred Inflows of Resources</i>	<u>8,851,849</u>	<u>152,702</u>	<u>8,980,301</u>
<b>Net Position</b>			
Net Investment in Capital Assets	30,688,157	5,645,242	36,333,399
Restricted for:			
Capital Projects	1,558,426	0	1,558,426
Debt Service	302,316	0	302,316
Other Purposes	4,175,975	0	4,175,975
Unrestricted (Deficit)	<u>(6,566,242)</u>	<u>2,908,597</u>	<u>(3,657,645)</u>
<i>Total Net Position</i>	<u>\$30,158,632</u>	<u>\$8,553,839</u>	<u>\$38,712,471</u>

\*After deferred outflows of resources and deferred inflows of resources related to the change in internal proportionate share of pension/OPEB-related items have been eliminated.

See accompanying notes to the basic financial statements

**City of Eastlake, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2021

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
General Government	\$4,028,581	\$587,097	\$29,181	\$0
Security of Persons and Property	8,141,962	660,567	492,897	15,542
Public Health Services	223,292	29,967	0	0
Transportation	1,730,805	53,157	1,268,809	318,996
Community Environment	143,405	53,318	7,013	0
Basic Utility Services	484,316	8	0	0
Leisure Time Activities	1,159,766	593,098	0	0
Interest and Fiscal Charges	217,299	0	0	0
<i>Total Governmental Activities</i>	<u>16,129,426</u>	<u>1,977,212</u>	<u>1,797,900</u>	<u>334,538</u>
<b>Business-Type Activities:</b>				
Sanitary Sewer	2,531,986	2,451,790	0	0
Storm Water	483,521	52	0	210,249
<i>Total Business-Type Activities</i>	<u>3,015,507</u>	<u>2,451,842</u>	<u>0</u>	<u>210,249</u>
<i>Total</i>	<u>\$19,144,933</u>	<u>\$4,429,054</u>	<u>\$1,797,900</u>	<u>\$544,787</u>

**General Revenues**

Property Taxes Levied for:

General Purposes

Debt Service

Police Pension

Fire Pension

Fire and EMS Operations

Roads

Municipal Income Tax Levied for General Purposes

Hotel Taxes

Permissive Motor Vehicle License Taxes

Grants and Entitlements not Restricted to Specific Programs

Franchise Taxes

Interest

Other

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$3,412,303)	\$0	(\$3,412,303)
(6,972,956)	0	(6,972,956)
(193,325)	0	(193,325)
(89,843)	0	(89,843)
(83,074)	0	(83,074)
(484,308)	0	(484,308)
(566,668)	0	(566,668)
(217,299)	0	(217,299)
(12,019,776)	0	(12,019,776)
0	(80,196)	(80,196)
0	(273,220)	(273,220)
0	(353,416)	(353,416)
(12,019,776)	(353,416)	(12,373,192)
1,356,182	0	1,356,182
187,102	0	187,102
133,644	0	133,644
133,644	0	133,644
2,220,421	0	2,220,421
930,356	0	930,356
8,269,913	0	8,269,913
62,443	0	62,443
167,493	0	167,493
1,668,815	0	1,668,815
297,956	0	297,956
10,883	0	10,883
180,830	0	180,830
15,619,682	0	15,619,682
1,882	(1,882)	0
15,621,564	(1,882)	15,619,682
3,601,788	(355,298)	3,246,490
26,556,844	8,909,137	35,465,981
<u>\$30,158,632</u>	<u>\$8,553,839</u>	<u>\$38,712,471</u>



**City of Eastlake, Ohio**

*Balance Sheet  
Governmental Funds  
December 31, 2021*

	General	Fire and EMS Levy	General Bond Retirement	Road Improvement
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$7,867,988	\$1,301,030	\$291,139	\$543,219
Accounts Receivable	368,374	0	0	0
Intergovernmental Receivable	804,246	25,205	10,093	37,428
Municipal Income Taxes Receivable	2,130,795	0	0	0
Hotel Taxes Receivable	0	0	0	0
Permissive Motor Vehicle				
Taxes Receivable	0	0	0	0
Prepaid Items	134,252	0	0	0
Materials and Supplies Inventory	7,745	0	0	134,344
Property Taxes Receivable	1,553,868	2,210,191	221,038	1,021,960
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents in Segregated Accounts	139,802	0	0	0
<i>Total Assets</i>	<u>\$13,007,070</u>	<u>\$3,536,426</u>	<u>\$522,270</u>	<u>\$1,736,951</u>
<b>Liabilities</b>				
Accounts Payable	\$239,047	\$0	\$0	\$15,883
Contracts Payable	25,387	0	0	194,575
Accrued Wages	164,830	73,122	0	7,919
Retainage Payable	1,137	0	0	8,514
Matured Compensated Absences Payable	40,169	0	0	0
Intergovernmental Payable	286,345	0	0	3,668
Unearned Revenue	0	0	0	0
Deposits Held Payable	122,072	0	0	0
<i>Total Liabilities</i>	<u>878,987</u>	<u>73,122</u>	<u>0</u>	<u>230,559</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	1,392,104	1,974,731	198,269	892,579
Unavailable Revenue	1,471,591	260,665	32,862	166,809
<i>Total Deferred Inflows of Resources</i>	<u>2,863,695</u>	<u>2,235,396</u>	<u>231,131</u>	<u>1,059,388</u>
<b>Fund Balances</b>				
Nonspendable	147,650	0	0	134,344
Restricted	0	1,227,908	291,139	312,660
Committed	0	0	0	0
Assigned	2,345,146	0	0	0
Unassigned	6,771,592	0	0	0
<i>Total Fund Balances</i>	<u>9,264,388</u>	<u>1,227,908</u>	<u>291,139</u>	<u>447,004</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$13,007,070</u>	<u>\$3,536,426</u>	<u>\$522,270</u>	<u>\$1,736,951</u>

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	<b>\$14,331,480</b>
		<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
\$3,946,441	\$13,949,817	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	38,243,718
0	368,374		
733,158	1,610,130	Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds:	
0	2,130,795	Delinquent Property Taxes	604,430
6,811	6,811	Intergovernmental	1,039,042
70,290	70,290	Municipal Income Taxes	519,676
767	135,019	Charges for Services	235,263
22,138	164,227	Permissive Sales Tax	<u>48,777</u>
503,493	5,510,550	Total	2,447,188
0	139,802	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(21,685)
<u>\$5,283,098</u>	<u>\$24,085,815</u>	Deferred outflows of resources represent deferred charges on refunding which are not reported in the funds.	402,188
\$68,166	\$323,096	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
165,876	385,838	General Obligation Bonds	(6,670,000)
11,333	257,204	OPWC Loans Payable	(346,133)
5,927	15,578	Capital Leases Payable	(775,146)
0	40,169	Compensated Absences Payable	(1,415,432)
36,495	326,508	Deferred Outflows - Asset Retirement	14,059
930,562	930,562	Asset Retirement Obligation	<u>(86,499)</u>
0	122,072	Total	(9,279,151)
<u>1,218,359</u>	<u>2,401,027</u>	The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:	
448,437	4,906,120	Deferred Outflows - Pension	2,682,415
515,261	2,447,188	Net Pension Liability	(14,606,471)
<u>963,698</u>	<u>7,353,308</u>	Net OPEB Asset	291,343
22,905	304,899	Deferred Inflows - Pension	(2,292,250)
2,998,923	4,830,630	Deferred Outflows - OPEB	1,479,368
79,213	79,213	Net OPEB Liability	(1,866,032)
0	2,345,146	Deferred Inflows - OPEB	<u>(1,653,479)</u>
0	6,771,592	Total	<u>(15,965,106)</u>
<u>3,101,041</u>	<u>14,331,480</u>	<i>Net Position of Governmental Activities</i>	<u><u>\$30,158,632</u></u>
<u>\$5,283,098</u>	<u>\$24,085,815</u>	See accompanying notes to the basic financial statements	

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

	General	Fire and EMS Levy	General Bond Retirement	Road Improvement	Other Governmental Funds
<b>Revenues</b>					
Property Taxes	\$1,322,363	\$2,003,851	\$182,201	\$898,196	\$427,339
Municipal Income Taxes	8,739,152	0	0	0	0
Hotel Taxes	0	0	0	0	64,239
Permissive Motor Vehicle Taxes	0	0	0	0	147,447
Intergovernmental	1,489,670	50,404	20,186	319,200	1,643,165
Charges for Services	801,951	0	0	0	89,500
Fees, Licenses and Permits	499,077	0	0	0	93,856
Franchise Taxes	297,956	0	0	0	0
Fines and Forfeitures	165,830	0	0	0	5,865
Interest	10,673	0	0	0	210
Rentals	0	0	0	0	295,612
Contributions and Donations	0	0	0	0	27,645
Other	175,830	0	0	0	5,000
<i>Total Revenues</i>	<u>13,502,502</u>	<u>2,054,255</u>	<u>202,387</u>	<u>1,217,396</u>	<u>2,799,878</u>
<b>Expenditures</b>					
Current:					
General Government	4,359,633	0	2,144	0	25,565
Security of Persons and Property	4,834,163	2,039,076	0	0	883,996
Public Health Services	223,292	0	0	0	0
Transportation	431,479	0	0	274,828	882,460
Community Environment	385,900	0	0	0	2,624
Basic Utility Services	57	0	0	0	0
Leisure Time Activities	814,304	0	0	0	92,183
Capital Outlay	0	0	0	1,656,440	100,492
Debt Service:					
Principal Retirement	9,875	0	1,075,000	23,726	163,852
Interest and Fiscal Charges	0	0	121,418	0	33,953
<i>Total Expenditures</i>	<u>11,058,703</u>	<u>2,039,076</u>	<u>1,198,562</u>	<u>1,954,994</u>	<u>2,185,125</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,443,799</u>	<u>15,179</u>	<u>(996,175)</u>	<u>(737,598)</u>	<u>614,753</u>
<b>Other Financing Sources (Uses)</b>					
OPWC Loan Issued	0	0	0	150,000	0
Transfers In	0	0	795,000	1,882	497,000
Transfers Out	(1,142,000)	0	0	0	(150,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,142,000)</u>	<u>0</u>	<u>795,000</u>	<u>151,882</u>	<u>347,000</u>
<i>Net Change in Fund Balances</i>	1,301,799	15,179	(201,175)	(585,716)	961,753
<i>Fund Balances Beginning of Year</i>	<u>7,962,589</u>	<u>1,212,729</u>	<u>492,314</u>	<u>1,032,720</u>	<u>2,139,288</u>
<i>Fund Balances End of Year</i>	<u>\$9,264,388</u>	<u>\$1,227,908</u>	<u>\$291,139</u>	<u>\$447,004</u>	<u>\$3,101,041</u>

See accompanying notes to the basic financial statements

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

Total Governmental Funds	<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$1,491,840</b>
	<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
\$4,833,950	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:	
8,739,152	Capital Outlays	1,658,921
64,239	Depreciation	(1,711,416)
147,447	Total	(52,495)
3,522,625	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a loss is reported for each disposal.	(272,389)
891,451	Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in governmental funds:	
592,933	Delinquent Property Taxes	127,399
297,956	Municipal Income Taxes	(469,239)
171,695	Intergovernmental	250,983
10,883	Charges for Services	27,681
295,612	Fees, Licenses and Permits	(2,160)
27,645	Hotel Taxes	(1,796)
180,830	Permissive Sales Tax	20,046
	Total	(47,086)
19,776,418	Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,272,453
4,387,342	Other financing sources in the governmental funds, such as the issuance of OPWC loans, increase long-term liabilities in the statement of net position are not reported as revenues in the statement activities.	(150,000)
7,757,235	Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position:	
223,292	Accrued Interest	5,104
1,588,767	Amortization of Accounting Loss	(67,032)
388,524	Total	(61,928)
57	Amortization of deferred outflows related to the asset retirement obligation is reported as an expense in the statement of activities.	(380)
906,487	Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(83,464)
1,756,932	Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts in deferred outflows:	
1,272,453	Pension	1,387,238
155,371	OPEB	1,607,966
	Total	2,995,204
18,436,460	Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities:	
1,339,958	Pension	(1,303,978)
	OPEB	(185,989)
	Total	(1,489,967)
150,000	<i>Change in Net Position of Governmental Activities</i>	<b>\$3,601,788</b>
1,293,882		
(1,292,000)		
151,882		
1,491,840		
12,839,640		
<u>\$14,331,480</u>		

**City of Eastlake, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2021*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$1,322,363	\$1,322,363	\$1,322,363	\$0
Municipal Income Taxes	7,376,632	8,349,500	8,384,110	34,610
Intergovernmental	1,273,482	1,441,435	1,466,113	24,678
Charges for Services	706,652	799,849	816,476	16,627
Fees, Licenses and Permits	481,833	545,966	504,088	(41,878)
Franchise Taxes	238,540	270,000	252,907	(17,093)
Fines and Forfeitures	136,520	154,525	165,422	10,897
Interest	9,542	10,800	10,673	(127)
Other	97,148	109,961	177,330	67,369
<i>Total Revenues</i>	<u>11,642,712</u>	<u>13,004,399</u>	<u>13,099,482</u>	<u>95,083</u>
<b>Expenditures</b>				
Current:				
General Government	5,460,319	5,485,230	4,670,195	815,035
Security of Persons and Property	5,772,275	5,778,375	5,024,449	753,926
Public Health Services	225,000	225,000	223,292	1,708
Transportation	739,029	928,029	730,246	197,783
Community Environment	561,891	583,891	388,560	195,331
Basic Utility Services	1,500	1,500	57	1,443
Leisure Time Activities	817,548	915,298	823,784	91,514
<i>Total Expenditures</i>	<u>13,577,562</u>	<u>13,917,323</u>	<u>11,860,583</u>	<u>2,056,740</u>
<i>Excess of Revenues Over Expenditures</i>	(1,934,850)	(912,924)	1,238,899	2,151,823
<b>Other Financing Uses</b>				
Transfers Out	(1,097,000)	(1,142,000)	(1,142,000)	0
<i>Net Change in Fund Balance</i>	(3,031,850)	(2,054,924)	96,899	2,151,823
<i>Fund Balance Beginning of Year</i>	6,088,313	6,088,313	6,088,313	0
Prior Year Encumbrances Appropriated	1,174,580	1,174,580	1,174,580	0
<i>Fund Balance End of Year</i>	<u>\$4,231,043</u>	<u>\$5,207,969</u>	<u>\$7,359,792</u>	<u>\$2,151,823</u>

See accompanying notes to the basic financial statements

**City of Eastlake, Ohio**  
*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Fire and EMS Levy Fund  
For the Year Ended December 31, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$1,954,711	\$2,003,851	\$2,003,851	\$0
Intergovernmental	49,168	50,404	50,404	0
<i>Total Revenues</i>	2,003,879	2,054,255	2,054,255	0
<b>Expenditures</b>				
Current:				
Security of Persons and Property	2,154,702	2,154,702	1,965,954	188,748
<i>Net Change in Fund Balance</i>	(150,823)	(100,447)	88,301	188,748
<i>Fund Balance Beginning of Year</i>	1,212,729	1,212,729	1,212,729	0
<i>Fund Balance End of Year</i>	<u>\$1,061,906</u>	<u>\$1,112,282</u>	<u>\$1,301,030</u>	<u>\$188,748</u>

See accompanying notes to the basic financial statements

**City of Eastlake, Ohio**  
*Statement of Fund Net Position*  
*Enterprise Funds*  
*December 31, 2021*

	Sanitary Sewer	Storm Water	Total
<b>Assets</b>			
<i>Current Assets</i>			
Equity in Pooled Cash and Cash Equivalents	\$3,858,684	\$109,857	\$3,968,541
Accounts Receivable	453,867	0	453,867
Intergovernmental Receivable	85,847	747,126	832,973
Materials and Supplies Inventory	1,957	0	1,957
<i>Total Current Assets</i>	<u>4,400,355</u>	<u>856,983</u>	<u>5,257,338</u>
<i>Noncurrent Assets</i>			
Special Assessments Receivable	21,265	0	21,265
Net OPEB Asset	18,598	0	18,598
Nondepreciable Capital Assets	3,202,831	0	3,202,831
Depreciable Capital Assets, Net	11,438,738	0	11,438,738
<i>Total Noncurrent Assets</i>	<u>14,681,432</u>	<u>0</u>	<u>14,681,432</u>
<i>Total Assets</i>	<u>19,081,787</u>	<u>856,983</u>	<u>19,938,770</u>
<b>Deferred Outflows of Resources</b>			
Asset Retirement Obligation	514,000	0	514,000
Pension	41,068	0	41,068
OPEB	20,109	0	20,109
<i>Total Deferred Outflows of Resources</i>	<u>575,177</u>	<u>0</u>	<u>575,177</u>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	26,268	1,343	27,611
Contracts Payable	102,035	640,184	742,219
Retainage Payable	3,463	113,971	117,434
Accrued Wages	6,478	0	6,478
Intergovernmental Payable	3,369	5,970	9,339
Compensated Absences Payable	15,048	0	15,048
OPWC Loan Payable	7,515	0	7,515
<i>Total Current Liabilities</i>	<u>164,176</u>	<u>761,468</u>	<u>925,644</u>
<i>Long-Term Liabilities (Net of Current Portion)</i>			
Compensated Absences Payable	16,639	0	16,639
Asset Retirement Obligation Payable	2,570,000	0	2,570,000
OPWC Loan Payable	65,135	31,668	96,803
OWDA Loan Payable	4,736,260	3,296,096	8,032,356
Net Pension Liability	165,964	0	165,964
<i>Total Long-Term Liabilities</i>	<u>7,553,998</u>	<u>3,327,764</u>	<u>10,881,762</u>
<i>Total Liabilities</i>	<u>7,718,174</u>	<u>4,089,232</u>	<u>11,807,406</u>
<b>Deferred Inflows of Resources</b>			
Pension	85,911	0	85,911
OPEB	66,791	0	66,791
<i>Total Inflows Outflows of Resources</i>	<u>152,702</u>	<u>0</u>	<u>152,702</u>
<b>Net Position</b>			
Net Investment in Capital Assets	9,727,161	(4,081,919)	5,645,242
Unrestricted	2,058,927	849,670	2,908,597
<i>Total Net Position</i>	<u>\$11,786,088</u>	<u>(\$3,232,249)</u>	<u>\$8,553,839</u>

See accompanying notes to the basic financial statements

**City of Eastlake, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2021*

	<u>Sanitary Sewer</u>	<u>Storm Water</u>	<u>Total</u>
<b>Operating Revenue</b>			
Charges for Services	\$2,451,690	\$52	\$2,451,742
Tap-In Fees	100	0	100
<i>Total Operating Revenues</i>	<u>2,451,790</u>	<u>52</u>	<u>2,451,842</u>
<b>Operating Expenses</b>			
Personal Services	(7,629)	8,248	619
Contractual Services	2,014,010	2,749,225	4,763,235
Materials and Supplies	47,669	0	47,669
Depreciation	380,555	0	380,555
<i>Total Operating Expenses</i>	<u>2,434,605</u>	<u>2,757,473</u>	<u>5,192,078</u>
<i>Operating Income (Loss)</i>	17,185	(2,757,421)	(2,740,236)
<b>Non-Operating Expenses</b>			
Interest and Fiscal Charges	(97,381)	(2,078)	(99,459)
<i>Income Before Capital Contributions and Transfers</i>	<u>(80,196)</u>	<u>(2,759,499)</u>	<u>(2,839,695)</u>
Capital Contributions	2,276,030	210,249	2,486,279
Transfers Out	(1,882)	0	(1,882)
<i>Change in Net Position</i>	2,193,952	(2,549,250)	(355,298)
<i>Net Position Beginning of Year</i>	<u>9,592,136</u>	<u>(682,999)</u>	<u>8,909,137</u>
<i>Net Position End of Year</i>	<u>\$11,786,088</u>	<u>(\$3,232,249)</u>	<u>\$8,553,839</u>

See accompanying notes to the basic financial statements



**City of Eastlake, Ohio**  
*Statement of Cash Flows*  
*Enterprise Funds*  
For the Year Ended December 31, 2021

	Sanitary Sewer	Storm Water	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$2,371,459	\$52	\$2,371,511
Cash Payments to Suppliers for Goods and Services	(1,842,745)	(2,926,428)	(4,769,173)
Cash Payments for Employee Services and Benefits	(245,017)	(8,248)	(253,265)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>283,697</u>	<u>(2,934,624)</u>	<u>(2,650,927)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital Contributions	2,276,030	546,951	2,822,981
Acquisition of Capital Assets	(2,556,271)	0	(2,556,271)
OPWC Loans Issued	0	31,668	31,668
OWDA Loans Issued	0	2,405,554	2,405,554
Principal Paid on OPWC Loans	(7,515)	0	(7,515)
Principal Paid on OWDA Loans	(224,451)	(10,454)	(234,905)
Interest Paid on OWDA Loans	(97,381)	(2,078)	(99,459)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(609,588)</u>	<u>2,971,641</u>	<u>2,362,053</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer Out	(1,882)	0	(1,882)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(327,773)</u>	<u>37,017</u>	<u>(290,756)</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>4,186,457</u>	<u>72,840</u>	<u>4,259,297</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$3,858,684</u></u>	<u><u>\$109,857</u></u>	<u><u>\$3,968,541</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$17,185	(\$2,757,421)	(\$2,740,236)
Adjustments:			
Depreciation	380,555	0	380,555
(Increase) Decrease in Assets and Deferred Outflows:			
Accounts Receivable	2,477	0	2,477
Intergovernmental Receivable	(85,847)	0	(85,847)
Special Assessments Receivable	3,039	0	3,039
Materials and Supplies Inventory	(801)	0	(801)
Deferred Outflows - ARO	128,500	0	128,500
Deferred Outflows - Pension	66,300	0	66,300
Deferred Outflows - OPEB	33,789	0	33,789
Increase (Decrease) in Liabilities and Deferred Inflows:			
Accounts Payable	8,940	(4,160)	4,780
Contracts Payable	102,035	(108,159)	(6,124)
Retainage Payable	3,463	75,789	79,252
Accrued Wages	48	0	48
Compensated Absences Payable	(4,676)	0	(4,676)
Intergovernmental Payable	(20,884)	(140,673)	(161,557)
Net Pension Liability	(889)	0	(889)
Net OPEB Liability	(89,874)	0	(89,874)
Deferred Inflows - Pension	(155,159)	0	(155,159)
Deferred Inflows - OPEB	(104,504)	0	(104,504)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u><u>\$283,697</u></u>	<u><u>(\$2,934,624)</u></u>	<u><u>(\$2,650,927)</u></u>

**Non-Cash Capital Transactions**

In 2021, the storm water enterprise fund paid for construction projects related to capital assets for the sanitary sewer enterprise fund in the amount of \$2,276,030.

At December 31, 2021, the City had intergovernmental receivables related to OWDA loans issued in the amount of \$732,628 in the storm water fund.

**City of Eastlake, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Fund*  
*For the Year Ended December 31, 2021*

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<b>Additions</b>	
Fines and Forfeitures for Other Governments	\$151,440
<b>Deletions</b>	
Distributions to Other Governments	<u>151,440</u>
<i>Net Change in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The City of Eastlake is a charter municipal corporation established and operated under the laws of the State of Ohio. The charter first became effective November 3, 1953. The current charter provides for a council-mayor form of government. Elected officials include seven council members and a mayor. The council members are elected for four year staggered terms. Three of the council members are elected at large. The mayor is elected for a four year term.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, agencies, boards and departments that are not legally separate from the City. For the City of Eastlake, this includes the agencies and departments that provide the following services: police and fire protection, emergency medical response, parks and recreation, planning, zoning, street maintenance and repair, sanitary sewer service and general administrative services.

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

The City participates in four jointly governed organizations and a shared risk pool. These organizations are the Northeast Ohio Public Energy Council, Regional Income Tax Agency (RITA), Lake County Communities Energy Special Improvement District, Lake County Communities Shoreline Special Improvement District and the Northern Ohio Risk Management Association (NORMA). The City is also involved with the Eastlake Port Authority, a related organization. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***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. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

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 of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type. However, the City has no fiduciary funds.

***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 two categories of funds the City uses: governmental and proprietary.

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

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Fire and EMS Levy Fund*** The fire and ems levy special revenue fund is used to account for and report restricted monies received from a 4.5 mill voted property tax levy for additional fire and emergency medical services to the City.

***General Bond Retirement Fund*** The general bond retirement debt service fund is used to account for and report restricted property tax revenues to be used for the payment of principal and interest and fiscal charges on general obligation debt.

***Road Improvement Fund*** The road improvement capital projects fund is used to account for and report restricted monies received from a three percent voted property tax levy for road construction and improvements made to 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.

***Proprietary Fund*** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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

***Sanitary Sewer Fund*** The sanitary sewer fund accounts for the operation of the City's sanitary sewer service.

***Storm Water Fund*** The storm water fund accounts for the operations of the storm water collection system within the City.

### ***Measurement Focus***

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Like the government-wide statements, the proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of 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.

***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 and the statements presented for the proprietary funds are prepared using 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 sixty 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 and entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). 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, interest, Federal and State grants and subsidies, State-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fees and fines and forfeitures.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, asset retirement obligation and pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is measured at the amount of the corresponding liability. This amount is deferred and amortized over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, charges for services, permissive sales tax and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

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

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

***Budgetary Data***

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 set 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 department level and personal services and other for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. Authority to further allocate Council appropriations within departments has been given to the Director of Finance.

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

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Cash and Cash Equivalents***

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

During 2021, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2021 amounted to \$10,673, of which \$5,847 was assigned from other funds.

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.

***Prepaid Items***

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

***Inventory***

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

***Restricted Assets***

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



**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

***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. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of two thousand five hundred dollars. 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.

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	50 years	50 years
Buildings and Improvements	50 years	50 years
Machinery and Equipment	5 - 30 years	5 - 30 years
Vehicles	5 - 15 years	5 - 15 years
Infrastructure	25 years	50 years

The City's infrastructure consists of streets, sidewalks, and sanitary sewers and includes infrastructure acquired prior to December 31, 1980.

***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. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on City policy and length of service.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements and business-type financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments came due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employees who have resigned or retired will be paid.

***Accrued Liabilities and Long-Term Obligations***

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

***Pensions/Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB liability, 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.

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include police and fire operations.

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

***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:

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash. It also includes the property acquired for resale, unless the use of the proceeds 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 or enabling legislation (City ordinances).

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

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

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

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the City, these revenues are charges for services for sanitary sewer and storm water services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

***Interfund Activity***

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

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

***Internal Eliminations***

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

***Bond Discounts***

On the government-wide financial statements, bond discounts are deferred and amortized over the term of the bonds using the straight line method. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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**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.

**Note 3 – Change in Accounting Principles**

***Changes in Accounting Principles***

For 2021, the City implemented *Implementation Guide No. 2019-1*. This change was incorporated in the City’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 4 - Budgetary Basis of Accounting**

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and Actual presented for the general fund and fire and ems levy and coronavirus relief 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and fire and ems levy special revenue fund.

	General	Fire and EMS
GAAP Basis	\$1,301,799	\$15,179
Net Adjustment for Revenue Accruals	(403,020)	0
Net Adjustment for Expenditure Accruals	(1,449,878)	73,122
Encumbrances	647,998	0
Budget Basis	\$96,899	\$88,301

**City of Eastlake, Ohio**  
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**Note 5 - Fund Balance**

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

Fund Balances	General	Fire and EMS Levy	General Bond Retirement	Road Improvement	Other Governmental Funds	Total
<b><i>Nonspendable:</i></b>						
Prepaid Items	\$134,252	\$0	\$0	\$0	\$767	\$135,019
Materials and Supplies Inventory	7,745	0	0	134,344	22,138	164,227
Unclaimed Monies	5,653	0	0	0	0	5,653
<b><i>Total Nonspendable</i></b>	<b>147,650</b>	<b>0</b>	<b>0</b>	<b>134,344</b>	<b>22,905</b>	<b>304,899</b>
<b><i>Restricted for:</i></b>						
Road Improvements	0	0	0	312,660	1,666,641	1,979,301
Public Safety	0	0	0	0	65,738	65,738
Fire Operations	0	0	0	0	85,343	85,343
Police and Fire Pension	0	0	0	0	333,620	333,620
Fire and EMS Levy	0	1,227,908	0	0	0	1,227,908
Senior Citizens	0	0	0	0	72,138	72,138
Stadium Maintenance	0	0	0	0	700,136	700,136
Recreation Land Acquisition	0	0	0	0	75,307	75,307
Debt Service Payments	0	0	291,139	0	0	291,139
<b><i>Total Restricted</i></b>	<b>0</b>	<b>1,227,908</b>	<b>291,139</b>	<b>312,660</b>	<b>2,998,923</b>	<b>4,830,630</b>
<b><i>Committed to</i></b>						
Donations	0	0	0	0	79,213	79,213
<b><i>Assigned to:</i></b>						
<b><i>Purchases on order:</i></b>						
General Government	297,195	0	0	0	0	297,195
Security of Persons and Property	120,911	0	0	0	0	120,911
Leisure Time Activities	9,187	0	0	0	0	9,187
Community Environment	5,160	0	0	0	0	5,160
Transportation	18,828	0	0	0	0	18,828
2022 Appropriations	1,893,865	0	0	0	0	1,893,865
<b><i>Total Assigned</i></b>	<b>2,345,146</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,345,146</b>
<b><i>Unassigned</i></b>	<b>6,771,592</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,771,592</b>
<b><i>Total Fund Balances</i></b>	<b>\$9,264,388</b>	<b>\$1,227,908</b>	<b>\$291,139</b>	<b>\$447,004</b>	<b>\$3,101,041</b>	<b>\$14,331,480</b>

***Stabilization arrangement*** In addition to the above fund balance, the governing council adopted a resolution to establish and maintain a revenue stabilization reserve (“rainy day fund”) in the general fund that does not meet the criteria to be classified as restricted or committed. The principal resource for this reserve is excess reserves of the general fund. The revenue will be reserved on an annual basis with a maximum of 20 percent of the annual total general fund expenses being set aside in any one year. Once the City reserve reaches the 20 percent of general fund expenditure threshold, all revenues may be appropriated for current year operations. The reserve monies can only be accessed with the governing council authority. The general fund reserve balance was \$800,000 as of December 31, 2021.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 - Deposits and Investments**

The City is a charter City and has adopted an investment policy through City Ordinance. The City has elected to follow the provision of State statute. State statutes classify monies held by the City into three categories.

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

Inactive deposits are public deposits that 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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
6. The State Treasurer's investment pool (STAR Ohio);

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, 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 located within the State of Ohio. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The City has passed an ordinance allowing the City to 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*** for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2021, \$935,878 of the City's total bank balance of \$6,076,102 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the City's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be 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



**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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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.

### **Investments**

At December 31, 2021, the City had \$12,113,254 invested in STAR Ohio with an average maturity of 51.3 days.

**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 investments so that securities mature to meet cash requirements for ongoing operations. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The city has no policy that addresses credit risk.

**Concentration of Risk** The City places no limit on the amount that may be invested in any one issuer.

### **Note 7 - Receivables**

Receivables at December 31, 2021, consisted primarily of municipal income taxes, property and, permissive motor vehicle taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, accrued interest on investments and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except for delinquent property taxes and special assessments are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$21,265 in the sanitary sewer enterprise fund.

#### **Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of the 2020 taxes.

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

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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Under certain circumstances, State statute permits later payment dates to be established. Lake County allows the payments to be made on February 15 and July 15.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2021 was \$12.80 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2021 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate:	
Residential/Agricultural	\$282,132,681
Other Real Estate	95,549,252
Public Utility Personal Property	<u>90,673,284</u>
Total Assessed Values	<u>\$468,355,217</u>

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

***Income Taxes***

The City levies a municipal income tax of two percent on substantially all income earned within the City; in addition, residents are required to pay tax on income earned outside the City. The City allows a credit of two percent for income tax paid to another municipality up to the total amount owed to the City. The Regional Income Tax Agency administers and collects income taxes for the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the City on the first and tenth business days of the following month net of collection fees of approximately 3 percent. All income tax received is recorded in the general fund.

**City of Eastlake, Ohio**  
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***Intergovernmental Receivable***

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<b>Governmental Activities:</b>	
Local Government	\$729,263
Gasoline Tax	513,078
Homestead and Rollback	161,597
Auto Registration	65,326
Road Improvements	129,368
City of Willoughby	6,293
VOCA	3,169
Ohio Bureau of Workers Compensation	2,036
Total	<u>\$1,610,130</u>
<b>Business-Type Activities:</b>	
Galalina Storm Sewer Reimbursement	732,628
Lake County Auditor Reimbursement	14,498
Admiral Drive Reimbursement	85,847
Total	<u>\$832,973</u>

**Note 8 - Tax Abatements**

As of December 31, 2021, the City provides tax abatements through Community Reinvestment Area (CRA) Tax Abatements and the Municipal Income Tax Incentive Program.

***Community Reinvestment Area (CRA)***

Pursuant to Ohio Revised Code Chapter 5709, the City established four Community Reinvestment Areas to provide property tax abatements to stimulate redevelopment by improvements and rehabilitation of properties located on Vine Street. Abatements are obtained through application by the property owner meeting a set of established goals outlined in the City of Eastlake Community Reinvestment Area Guidelines. The amount of the abatement is deducted from the recipient's tax bill. In 2021, the values of taxes being abated total \$4,271.

***Municipal Income Tax Incentive Program***

The City of Eastlake created the Municipal Tax Incentive Program in 2007. The purpose of the program is to maintain Eastlake's competitiveness as a site for location of new businesses and the expansion of existing businesses. Pursuant to Ohio Revised Code Chapter 718 and City ordinance, the City provides an incentive to businesses based on the business' new gross annual payroll. The abatement is administered as a refund based on the business' payroll taxes. The time period in years is based on the business' amount of new gross payroll created. During 2021, the cap on the incentive was 50 percent of the business' 2 percent City payroll tax with an incentive period of no more than 7 years. In 2021, the taxes abated under this program were \$78,643.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 9 - Interfund Transactions**

***Interfund Transfers***

During 2021, the general fund transferred \$645,000 to the general bond retirement debt service fund as debt payments came due and \$497,000 to other governmental funds to provide additional resources for current operations. Other governmental funds transferred \$150,000 to the general bond retirement debt service fund as debt payments came due. The sanitary sewer enterprise fund transferred \$1,882 to the road improvement capital projects fund for debt payments.

***Internal Balances – Change in Proportionate Share***

The City uses an internal proportionate share to allocate its net pension/OPEB liability and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the City as a whole. Eliminations made in the total column of the entity wide statement of net position related to pension include deferred outflows of resources for the business-type activities related to the sanitary sewer enterprise fund and deferred inflows of resources for the governmental type activities in the amount of \$14,280. Eliminations made in the total column of the entity wide statement of net position related to OPEB include deferred outflows of resources for the business-type activities related to the sanitary sewer enterprise fund and deferred inflows of resources for the governmental type activities in the amount of \$9,970.

**Note 10 - Contingencies**

***Litigation***

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

As to the *Ohio Department of Transportation vs. Eastlake Development Company* court case, the matter was settled. However, there was no agreed payment plan. Instead, the parties agreed to further negotiate any payment terms and ODOT agreed that there would be no execution against the City on the judgment unless a number of conditions which evidence a significant improvement in the City's financial health occur. The City has not met those conditions and likely will not in the foreseeable future.

***Grants***

For the period January 1, 2021 to December 31, 2021 the City received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**City of Eastlake, Ohio**  
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**Note 11 - Capital Assets**

A summary of changes in capital assets during 2021 follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$7,792,984	\$159,021	\$0	\$7,952,005
Construction in Progress	2,339,377	1,031,720	(553,464)	2,817,633
<i>Total Nondepreciable Capital Assets</i>	<u>10,132,361</u>	<u>1,190,741</u>	<u>(553,464)</u>	<u>10,769,638</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	18,121,183	32,112	0	18,153,295
Buildings and Improvements	9,986,783	198,748	(26,164)	10,159,367
Machinery and Equipment	5,489,740	184,947	(270,221)	5,404,466
Computer Software	287,197	0	0	287,197
Vehicles	6,158,049	178,660	(1,089,663)	5,247,046
Infrastructure				
Streets, Curbs, Gutters, Sidewalks, etc	29,094,086	427,177	0	29,521,263
<i>Total Depreciable Capital Assets</i>	<u>69,137,038</u>	<u>1,021,644</u>	<u>(1,386,048)</u>	<u>68,772,634</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(6,938,831)	(363,857)	0	(7,302,688)
Buildings and Improvements	(5,891,786)	(219,965)	5,712	(6,106,039)
Machinery and Equipment	(3,440,695)	(303,992)	263,535	(3,481,152)
Vehicles	(2,650,742)	(339,343)	844,412	(2,145,673)
Infrastructure				
Streets, Curbs, Gutters, Sidewalks, etc	(21,778,743)	(484,259)	0	(22,263,002)
<i>Total Accumulated Depreciation</i>	<u>(40,700,797)</u>	<u>(1,711,416)</u>	<u>1,113,659</u>	<u>(41,298,554)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>28,436,241</u>	<u>(689,772)</u>	<u>(272,389)</u>	<u>27,474,080</u>
<i>Total Governmental Capital Assets, Net</i>	<u>\$38,568,602</u>	<u>\$500,969</u>	<u>(\$825,853)</u>	<u>\$38,243,718</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$75,229
Security of Persons and Property	313,442
Transportation	562,221
Basic Utility Services	484,259
Leisure Time Activities	276,265
Total	<u>\$1,711,416</u>

**City of Eastlake, Ohio**  
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	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$75,556	\$0	\$0	\$75,556
Construction in Progress	1,118,812	2,556,271	(547,808)	3,127,275
<i>Total Nondepreciable Capital Assets</i>	<u>1,194,368</u>	<u>2,556,271</u>	<u>(547,808)</u>	<u>3,202,831</u>
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	10,230,400	0	0	10,230,400
Machinery and Equipment	1,095,253	0	0	1,095,253
Vehicles	452,461	0	(17,229)	435,232
Infrastructure				
Sewers	9,615,247	547,808	0	10,163,055
<i>Total Depreciable Capital Assets</i>	<u>21,393,361</u>	<u>547,808</u>	<u>(17,229)</u>	<u>21,923,940</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,408,260)	(244,298)	0	(1,652,558)
Machinery and Equipment	(425,023)	(60,157)	0	(485,180)
Vehicles	(326,090)	(14,761)	17,229	(323,622)
Infrastructure				
Sewers	(7,962,503)	(61,339)	0	(8,023,842)
<i>Total Accumulated Depreciation</i>	<u>(10,121,876)</u>	<u>(380,555)</u>	<u>17,229</u>	<u>(10,485,202)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>11,271,485</u>	<u>167,253</u>	<u>0</u>	<u>11,438,738</u>
<i>Total Business-Type Activities Capital Assets, Net</i>	<u><u>\$12,465,853</u></u>	<u><u>\$2,723,524</u></u>	<u><u>(\$547,808)</u></u>	<u><u>\$14,641,569</u></u>

**Note 12 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2021, the City participated in NORMA (Note 19), an insurance pool, for the following types of insurance:

Type	Coverage
Property	\$51,965,594
Inland Marine	10,000,000
General Liability	1,000,000
Automobile Liability	1,000,000
Law Enforcement Liability	1,000,000
Public Officials Liability	1,000,000
Employment Practices Liability	1,000,000
Umbrella	15,000,000

Claims have not exceeded this coverage in any of the past three years and there have been no significant reductions in overall commercial coverage in any of the past three years.

**Workers' Compensation**

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.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 - Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/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 to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The proportionate share of each plan's unfunded benefits is presented as a *net pension/OPEB asset* or a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

**City of Eastlake, Ohio**  
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***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans 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):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
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
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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



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

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

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

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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

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

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

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

For 2021, the City’s contractually required contribution was \$384,640 for the traditional plan, \$0 for the combined plan and \$0 for the member-directed plan. Of these amounts, \$45,412 is reported as an intergovernmental payable for the traditional plan.

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

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

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
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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 after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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

Under normal service retirement, retired members who are at least 55 years old and have been receiving 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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

**City of Eastlake, Ohio**  
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Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OP&F was \$1,025,676 for 2021. Of this amount, \$107,453 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 (asset) for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OP&F’s total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City’s proportion of the net pension liability (asset) was based on the City’s share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the City’s defined benefit pension plans:

	OPERS Traditional Plan	OP&F	Total
Proportion of the Net Pension Liability/Asset:			
Current Measurement Date	0.0186800%	0.1761211%	
Prior Measurement Date	0.0174930%	0.1717945%	
Change in Proportionate Share	0.0011870%	0.0043266%	
Proportionate Share of the:			
Net Pension Liability	\$2,766,102	\$12,006,333	\$14,772,435
Pension Expense	289,128	948,180	1,237,308

**City of Eastlake, Ohio**  
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2021 pension expense for the member-directed defined contribution plan was \$0. The aggregate pension expense for all pension plans was \$1,237,308 for 2021.

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

	OPERS Traditional Plan	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$0	\$501,905	\$501,905
Changes of assumptions	0	201,353	201,353
Changes in proportion and differences between City contributions and proportionate share of contributions	194,026	401,603	595,629
City contributions subsequent to the measurement date	384,640	1,025,676	1,410,316
<b>Total Deferred Outflows of Resources</b>	<b>\$578,666</b>	<b>\$2,130,537</b>	<b>\$2,709,203</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$115,708	\$467,731	\$583,439
Net difference between projected and actual earnings on pension plan investments	1,078,146	582,387	1,660,533
Changes in proportion and differences between City contributions and proportionate share of contributions	0	119,909	119,909
<b>Total Deferred Inflows of Resources</b>	<b>\$1,193,854</b>	<b>\$1,170,027</b>	<b>\$2,363,881</b>

\$1,410,316 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 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OP&F	Total
Year Ending December 31:			
2022	(\$316,136)	\$18,583	(\$297,553)
2023	(97,160)	320,202	223,042
2024	(439,489)	(456,310)	(895,799)
2025	(147,043)	2,382	(144,661)
2026	0	49,977	49,977
<b>Total</b>	<b>(\$999,828)</b>	<b>(\$65,166)</b>	<b>(\$1,064,994)</b>

**City of Eastlake, Ohio**  
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***Actuarial Assumptions – OPERS***

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

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

	OPERS Traditional Plan
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

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

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

The 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

**City of Eastlake, Ohio**  
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return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

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

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

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

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset):			
OPERS Traditional Plan	\$5,276,353	\$2,766,102	\$678,831

**Changes between the Measurement Date and the Reporting Date** During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

**Actuarial Assumptions – OP&F**

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total

**City of Eastlake, Ohio**  
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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 the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2020, are presented as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	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 for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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



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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
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 their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$16,714,354	\$12,006,333	\$8,066,196

**Note 14 – Defined Benefit OPEB Plans**

See Note 13 for a description of the net OPEB liability (asset).

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to 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.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced later 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

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

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

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2021.

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

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

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). 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 retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://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.

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The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$24,070 for 2021. Of this amount, \$2,523 is reported as an intergovernmental payable.

***OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

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

	OPERS	OP&F	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.0173970%	0.1761211%	
Prior Measurement Date	0.0162920%	0.1717945%	
Change in Proportionate Share	0.0011050%	0.0043266%	
			Total
Proportionate Share of the:			
Net OPEB Liability	\$0	\$1,866,032	\$1,866,032
Net OPEB Asset	(\$309,941)	\$0	(\$309,941)
OPEB Expense	(\$1,744,485)	\$185,989	(\$1,558,496)

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes of assumptions	\$152,371	\$1,030,881	\$1,183,252
Changes in proportion and differences between City contributions and proportionate share of contributions	112,852	169,333	282,185
City contributions subsequent to the measurement date	<u>0</u>	<u>24,070</u>	<u>24,070</u>
Total Deferred Outflows of Resources	<u>\$265,223</u>	<u>\$1,224,284</u>	<u>\$1,489,507</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$279,720	\$307,795	\$587,515
Changes of assumptions	502,198	297,480	799,678
Net difference between projected and actual earnings on OPEB plan investments	165,079	69,346	234,425
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>0</u>	<u>88,682</u>	<u>88,682</u>
Total Deferred Inflows of Resources	<u>\$946,997</u>	<u>\$763,303</u>	<u>\$1,710,300</u>

\$24,070 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 or an increase to the net OPEB asset in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$338,197)	\$87,714	(\$250,483)
2023	(252,389)	104,135	(148,254)
2024	(71,737)	78,246	6,509
2025	(19,451)	91,564	72,113
2026	0	37,710	37,710
Thereafter	<u>0</u>	<u>37,542</u>	<u>37,542</u>
Total	<u>(\$681,774)</u>	<u>\$436,911</u>	<u>(\$244,863)</u>

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***Actuarial Assumptions – OPERS***

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

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

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

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

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

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The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.



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

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$77,069)	(\$309,941)	(\$501,382)

***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 liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is 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	(\$317,495)	(\$309,941)	(\$301,490)

***Changes between the Measurement Date and the Reporting Date*** During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

***Actuarial Assumptions – OP&F***

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

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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 as follows:

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

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

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

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

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

The OP&F health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 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 of 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>(1.96%)</u>	<u>(2.96%)</u>	<u>(3.96%)</u>
City's proportionate share of the net OPEB liability (asset)	\$2,326,835	\$1,866,032	\$1,485,923

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate** The total OPEB liability (asset) 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 (asset).

**Note 15 - Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation at different rates which are affected by length of service. At the time of separation the employee is entitled to payment for any earned but unused vacation. Sick leave is accrued at the rate of 4.6 hours for each 80 hours of completed service, including paid holidays and paid vacation, with a maximum accumulation at rates negotiated in the various union contracts or set by Council. After 10 years of service with the City, upon retirement, employees are paid a percentage of all the sick days they have accumulated.

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**Note 16 - Long-term Obligations**

The original issuance amounts for the City's long-term obligations are as follows:

Debt Issue	Interest Rate	Original Issue Amount	Year of Maturity
<b>Governmental Activities:</b>			
<i>General Obligation Bonds:</i>			
2020 Tax Exempt Refunding of 2011 Bonds	1.30 %	\$4,960,000	2027
2020 Taxable Refunding of 2013 Bonds	1.76	2,785,000	2027
<i>OPWC Loans from Direct Borrowings:</i>			
Parkland Drive Road and Sewer	0	24,907	2021
Stevens Boulevard Road and Sewer	0	49,138	2021
East Overlook Road, Storm and Sanitary Sewer	0	26,254	2023
Roberts Road Improvements	0	150,000	2025
Plymouth Road and Sewer	0	58,200	2025
Roberts Road Improvements - Phase 2	0	96,508	2031
Edison and Mondamin Storm Sewer	0	37,646	2032
Willowick Drive	0	88,941	2040
Stevens Boulevard Paving	0	150,000	N/A
<i>Capital Leases:</i>			
Loader	3.30	139,853	2022
Fire Trucks	3.58	1,023,014	2026
Police Tasers	0.00	48,063	2022
<b>Business-Type Activities:</b>			
<i>From Direct Borrowings:</i>			
<i>OPWC Loans:</i>			
Robin/Forest/King Drive Pump Stations	0	50,000	2030
Quentin Road Pump Station	0	100,292	2032
Plymouth Drive Storm Outfall	0	31,668	N/A
<i>OWDA Loans:</i>			
Waverly Relief Sewer	1.66-2.08	4,807,731	N/A
Galalina Storm Sewer	1.12	2,408,995	N/A
Plymouth Drive Storm Sewer	0.92	532,289	N/A

Changes in long-term obligations of the City during 2021 were as follows:

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2021

	Balance 12/31/2020	Increase	Decrease	Balance 12/31/2021	Amounts Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
2020 Tax Exempt Refunding of 2011 Bonds:					
Term	\$4,960,000	\$0	\$710,000	\$4,250,000	\$720,000
2020 Taxable Refunding of 2013 Bonds:					
Term	2,785,000	0	365,000	2,420,000	375,000
<i>Total General Obligation Bonds</i>	<u>7,745,000</u>	<u>0</u>	<u>1,075,000</u>	<u>6,670,000</u>	<u>1,095,000</u>
<b>OPWC Loans from Direct Borrowings:</b>					
East Overlook Road, Storm and Sanitary Sewer	3,282	0	1,312	1,970	1,312
Roberts Road Improvements	30,000	0	7,500	22,500	7,500
Plymouth Road and Sewer	14,550	0	2,910	11,640	2,910
Roberts Road Improvements-Phase 2	50,668	0	4,825	45,843	4,825
Edison and Mondamin Storm Sewer	20,706	0	1,882	18,824	1,882
Willowick Drive	100,653	0	5,297	95,356	5,297
Stevens Boulevard Paving	0	150,000	0	150,000	0
<i>Total OPWC Loans</i>	<u>219,859</u>	<u>150,000</u>	<u>23,726</u>	<u>346,133</u>	<u>23,726</u>
<b>Capital Leases:</b>					
Loader	37,293	0	27,971	9,322	9,322
Fire Trucks	891,830	0	135,881	755,949	140,745
Police Tasers	19,750	0	9,875	9,875	9,875
<i>Total Capital Leases</i>	<u>948,873</u>	<u>0</u>	<u>173,727</u>	<u>775,146</u>	<u>159,942</u>
<b>Other Long-Term Obligations:</b>					
Asset Retirement Obligations	86,499	0	0	86,499	0
Compensated Absences Payable	1,331,968	358,455	274,991	1,415,432	280,801
<i>Total Other Long-Term Obligations</i>	<u>1,418,467</u>	<u>358,455</u>	<u>274,991</u>	<u>1,501,931</u>	<u>280,801</u>
<b>Net Pension Liability:</b>					
OPERS	3,215,578	0	615,440	2,600,138	0
OP&F	11,572,996	433,337	0	12,006,333	0
<i>Total Net Pension Liability</i>	<u>14,788,574</u>	<u>433,337</u>	<u>615,440</u>	<u>14,606,471</u>	<u>0</u>
<b>Net OPEB Liability:</b>					
OPERS	2,092,825	0	2,092,825	0	0
OP&F	1,696,940	169,092	0	1,866,032	0
<i>Total Net OPEB Liability</i>	<u>3,789,765</u>	<u>169,092</u>	<u>2,092,825</u>	<u>1,866,032</u>	<u>0</u>
<b>Total Governmental Activities</b>	<u>\$28,910,538</u>	<u>\$1,110,884</u>	<u>\$4,255,709</u>	<u>\$25,765,713</u>	<u>\$1,559,469</u>

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2021

	Balance 12/31/2020	Increase	Decrease	Balance 12/31/2021	Amounts Due in One Year
<b>Business-Type Activities:</b>					
<b>OPWC Loans from Direct Borrowings:</b>					
Robin/Forest/King Drive Pump Stations	\$22,500	\$0	\$2,500	\$20,000	\$2,500
Quentin Road Pump Station	57,665	0	5,015	52,650	5,015
Plymouth Drive Storm Outfall	11,390	20,278	0	31,668	0
<i>Total OPWC Loans</i>	<u>91,555</u>	<u>20,278</u>	<u>7,515</u>	<u>104,318</u>	<u>7,515</u>
<b>OWDA Loans from Direct Borrowings:</b>					
Waverly Relief Sewer	4,960,711	0	224,451	4,736,260	0
Galalina Storm Sewer	388,159	2,753,464	0	3,141,623	0
Plymouth Drive Storm Outfall	156,249	8,678	10,454	154,473	0
<i>Total OWDA Loans</i>	<u>5,505,119</u>	<u>2,762,142</u>	<u>234,905</u>	<u>8,032,356</u>	<u>0</u>
<b>Other Long-Term Obligations:</b>					
Asset Retirement Obligation	2,570,000	0	0	2,570,000	0
Compensated Absences Payable	36,363	17,196	21,872	31,687	15,048
<i>Total Other Long-Term Obligations</i>	<u>2,606,363</u>	<u>17,196</u>	<u>21,872</u>	<u>2,601,687</u>	<u>15,048</u>
<b>Net Pension Liability:</b>					
OPERS	242,031	0	76,067	165,964	0
<b>Net OPEB Liability:</b>					
OPERS	157,524	0	157,524	0	0
<b>Total Business-Type Activities</b>	<u><u>\$8,602,592</u></u>	<u><u>\$2,799,616</u></u>	<u><u>\$497,883</u></u>	<u><u>\$10,904,325</u></u>	<u><u>\$22,563</u></u>

**General Obligation Bonds** General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from both voted and unvoted general property taxes levied on all taxable property located within the City as well as municipal income taxes. Tax monies will be received in and the debt will be retired from the general obligation bond retirement debt service and road improvement capital projects funds.

**2011 Refunded Bonds** On December 15, 2011, the City issued \$9,995,000 in general obligation refunding bonds, to partially refund bonds previously issued in 2002 and 2004 for construction of the stadium. The bonds were issued with interest rates varying from 2 percent to 4 percent. The bonds were issued for a 16 year period with final maturity during 2027. These bonds were fully refunded during 2020

Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2002 and 2004 tax exempt bonds. As a result, \$9,340,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. These bonds were fully refunded during 2020.

**2013 Refunded Bonds** In 2013, the City issued general obligation bonds, in the amount of \$4,025,000, to refund bonds previously issued in 2004 for capital facilities in the full amount. The remaining \$420,000 was used to pay the remaining interest and fiscal charges of the unrefunded bonds. The bonds were issued with interest rates varying from 5.125 percent to 5.750 percent. The bonds were issued for a 18 year period with final maturity during 2031. The bonds were fully refunded during 2020.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

**2020 Refunding Bonds** During 2020, the City issued tax exempt term bonds, in the amount of \$4,960,000, to refund bonds previously issued in 2011 to refund bonds issued for construction of the stadium. The bonds were issued for a 7 year period with final maturity on December 1, 2027 and an interest rate of 1.3 percent. The bonds will be retired through the general bond retirement debt service fund.

Net proceeds of \$4,896,323 (after payment of \$63,677 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2011 tax exempt bonds. As a result, \$4,160,000 of these bonds are considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

The refunding resulting in the recognition of an accounting loss of \$247,925. The City in effect decreased its aggregated debt service payments by \$242,552 over the next seven years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$230,007.

The term bonds maturing on December 1, 2027 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue
	\$4,960,000
2022	\$720,000
2023	740,000
2024	750,000
2025	750,000
2026	765,000
Total Mandatory Sinking	
Fund Payments	3,725,000
Amount Due at Stated Maturity	525,000
Total	\$4,250,000
<i>Stated Maturity</i>	12/1/2027

During 2020, the City issued taxable term bonds, in the amount of \$4,960,000, to refund bonds previously issued in 2011 to refund bonds issued for construction of the stadium. The bonds were issued for a 7 year period with final maturity on December 1, 2027 and an interest rate of 1.76 percent. The bonds will be retired through the general bond retirement debt service fund.

Net proceeds of \$2,741,354 (after payment of \$43,646 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2011 tax exempt bonds. As a result, \$2,500,000 of these bonds are considered defeased and the liability for the refunded bonds has been removed from the City's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

The refunding resulting in the recognition of an accounting loss of \$221,295. The City in effect decreased its aggregated debt service payments by \$414,685 over the next seven years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$279,757.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

The term bonds maturing on December 1, 2027 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue
	\$2,785,000
2022	\$375,000
2023	385,000
2024	405,000
2025	410,000
2026	415,000
Total Mandatory Sinking	
Fund Payments	1,990,000
Amount Due at Stated	
Maturity	430,000
Total	\$2,420,000
<i>Stated Maturity</i>	12/1/2027

**OPWC Loans** OPWC loans consist of money owed to the Ohio Public Works Commission (OPWC) for road improvements and for sanitary sewer improvements. The loans are interest free. OPWC loans will be paid from the road improvement capital projects fund and sewer project funds.

The City's outstanding OPWC loans from direct borrowings related to governmental activities of \$346,133 and business-type activities of \$104,318 contain provisions that in the event of default (1) OPWC may apply late fees of 8 percent per year, (2) loans more than 60 days late will be turned over to the Attorney General's office for collection, and as provided by law, OPWC may require that such payment be taken from the City's share of the county undivided local government fund, and (3) the outstanding amounts shall, at OPWC's option, become immediately due and payable.

A line of credit has been established with the OPWC for the Plymouth Drive and Quentin Road storm outfall emergency repair. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City is paying based on estimates. The balance of this loan at December 31, 2021 is \$31,668.

**OWDA Loan** The City has entered into a contractual agreement for a construction loan from the Ohio Water Development Authority (OWDA). Under the terms of this agreement, the OWDA will reimburse, advance or directly pay the construction costs of the approved project. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan.

The City's outstanding OWDA loan from direct borrowings of \$8,032,356 related to business-type activities contain provisions that in an event of default (1) the amount of such default shall bear interest at the default rate from the due date until the date of payment, (2) if any of the charges have not been paid within 30 days, in addition to the interest calculated at the default rate, a late charge of 1 percent on the amount of each default shall also be paid to the OWDA, and (3) for each additional 30 days during which the charges remain unpaid, the City shall continue to pay an additional late charge of 1 percent on the amount of the default until such charges are paid.



**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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A line of credit has been established with OWDA in the amount of \$5,034,086 to cover the costs of replacing sanitary sewer lines along Waverly Road. The loan has an interest rates ranging from 1.66 to 2.08 percent and will mature in 2039. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City is paying based on estimates. The balance of this loan at December 31, 2021 is \$4,736,260.

A line of credit has been established with OWDA in the amount of \$3,460,790 to cover the costs of replacing Galalina storm sewer. The loan has an interest rate of 1.12 percent and will mature in 2042. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City is paying based on estimates. The balance of this loan at December 31, 2021 is \$3,141,623.

A line of credit has been established with OWDA in the amount of \$228,436 to cover the costs of replacing storm outfalls along Plymouth Drive and Quentin Road. The loan has an interest rate of .92 percent and will mature in 2041. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the City is paying based on estimates. The balance of this loan at December 31, 2021 is \$154,473.

**Capital Leases** Capital lease obligations will be paid from the fund that maintains custody of the related assets. Capital leases will be paid from the general fund, permissive motor vehicle license special revenue fund, and fire levy capital projects fund.

**Compensated Absences** The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the general fund; the street construction, maintenance, and repair special revenue fund; the road improvement capital projects fund; and the sanitary sewer enterprise fund.

**Net Pension Liability and Net OPEB Liability** There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension contributions are made from the following funds: general, street maintenance, senior citizens, road improvement, sanitary sewer, police pension and fire pension. For additional information related to the net pension liability and net OPEB liability see Notes 13 and 14.

The City's overall legal debt margin was \$33,660,702 with an unvoted debt margin of \$10,242,941 at December 31, 2021.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

Principal and interest requirements to retire governmental and business-type activities long-term obligations outstanding at December 31, 2021, were as follows:

Year	Governmental Activities		Business-Type Activities	
	General Obligation Bonds		From Direct	From Direct
	Principal	Interest	Borrowings	Borrowings
			OPWC Loans	OPWC Loans
2022	\$1,095,000	\$97,842	\$23,726	\$7,515
2023	1,125,000	81,882	23,073	7,514
2024	1,155,000	65,486	22,416	7,514
2025	1,160,000	48,608	14,916	7,515
2026	1,180,000	31,642	12,006	7,515
2027-2031	955,000	14,394	57,615	32,570
2032-2036	0	0	26,488	2,507
2037-2041	0	0	15,893	0
Total	\$6,670,000	\$339,854	\$196,133	\$72,650

**Note 17 – Capital Leases**

In prior years, the City entered into capitalized leases for a loader, fire trucks and police tasers. These leases meet the criteria for a capital lease and have been recorded on the governmental-wide statements. The original amount capitalized for the capital leases and the book value as of December 31, 2021 follows:

	Governmental Activities
Equipment	\$187,916
Vehicles	1,023,014
Leased property, total value	1,210,930
Less: Accumulated Depreciation	(197,891)
Leased property, net of depreciation	<u>\$1,013,039</u>

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2021.

	Governmental Activities
2022	\$187,680
2023	167,808
2024	167,808
2025	167,808
2026	167,808
Total minimum lease payments	858,912
Less: amount representing interest	(83,766)
Present value of minimum lease payments	<u>\$775,146</u>

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 18 - Jointly Governed Organization**

***Northeast Ohio Public Energy Council***

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and gas. NOPEC is currently comprised of over 200 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide electricity and gas at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the twenty-member NOPEC Board of Directors. In 2021, the City made no contributions. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. Financial information can be obtained by contacting Ron McVoy, the Board Chairman, at 31360 Solon Road, Suite 33, Solon, Ohio, 44139 or at the website [www.nopecinfo.org](http://www.nopecinfo.org).

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection income taxes on behalf of each member. RITA currently has approximately 405 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the City paid RITA \$186,043 for income tax collection services.

***Lake County Communities Energy Special Improvement District***

The Lake County Communities Energy Special Improvement District (the "District") is a jointly governed organization that is to enhance the value of properties, within the District and improve the environment by developing and assisting in developing the District special energy improvement projects. For 2021, the City did not contribute to the District. For more information, contact National Registered Agents, Inc., 4400 Easton Commons Way, Suite 125, Columbus, Ohio 43219.

***Lake County Communities Shoreline Special Improvement District***

The Lake County Communities Shoreline Special Improvement District (the "District") is a jointly governed organization that is to enhance the value of properties, within the District and improve the environment by developing and assisting in developing and implementing shoreline improvement projects that abate the erosion of the shoreline. For 2021, the City did not contribute to the District. For more information, contact Kevin Butler, 600 Superior Avenue, East, Suite 2100, Cleveland, Ohio 44114.

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 19 - Shared Risk Pool**

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon, South Euclid, the Village of Chagrin Falls and University Heights. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of the Cities of Eastlake and Solon whose commencement date is October 1, 1989, and the City of Maple Heights, whose commencement date is October, 1, 1993 and the City of University Heights whose commencement date is October 1, 2008. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2021, the City of Eastlake paid \$187,054 in premiums from the general fund, which represents 8.51 percent of the total premiums paid by all members. Financial information can be obtained by contacting Jeffrey Knoblauch, 1140 Terex Road, Hudson, Ohio 44236.

**Note 20 - Related Organization**

The Eastlake Port Authority was created under the Ohio Revised Code and conducts port development and operations. The Authority is governed by a seven member Board of Directors which consists of five members appointed by the Mayor and two appointed by City Council. The City's accountability does not extend beyond appointing board members.

**Note 21 – Willoughby-Eastlake Joint Sewer Treatment Facility**

In 1955, the City entered into an agreement with the City of Willoughby for the purpose of financing and constructing a joint sewer treatment facility. The agreement has been amended 15 times since. The joint sewer treatment facility includes a sewer plant, outfalls and joint sewers. The sewer plant and improvements were constructed by the City of Willoughby. The outflows were constructed and financed by the City of Eastlake and conveyed to the City of Willoughby upon completion. The joint sewers were constructed by the City of Willoughby and financed jointly by both cities. The City of Willoughby holds legal title to the sewer plant and improvements made to the facility, outflows and joint sewers. The City of Willoughby operates and manages the plant and joint sewers. Each city is responsible for all sewer lines constructed within their corporate limits with connection to the joint sewer facility. The City of Willoughby

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

bills the City of Eastlake on a monthly basis for services provided, maintenance and construction improvements of the joint sewer facilities. The billing is based upon flow measured by meters and includes a contribution for future capital improvements to the joint sewer treatment facility. The agreement has been amended for the City to contribute an amount equal to fifty percent of all costs associated with the capital improvement projects. Although the joint sewer treatment facility is managed by the Willoughby-Eastlake Joint Sewer Advisory Committee appointed by the cities of Willoughby and Eastlake, ultimately the joint sewer treatment facility is part of the City of Willoughby's reporting entity. The City paid \$1,563,555 to the City of Willoughby for the joint sewer treatment facility in 2021 which is accounted for in the City's sewer enterprise fund.

**Note 22 - Encumbrances**

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

<b>Governmental Funds:</b>	
General	\$647,998
Road Improvements	507,236
Other Governmental Funds	199,029
<i>Total Governmental Funds</i>	1,354,263
<b>Proprietary Fund:</b>	
Sanitary Sewer	124,454
Storm Water Management	30,715
<i>Total Proprietary Funds</i>	155,169
<i>Total Encumbrances</i>	\$1,509,432

**Note 23 – Asset Retirement Obligations**

The Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The City has the following AROs:

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewerage system to the Ohio EPA for approval. Through this review process, the City would be responsible to address any public safety issues associated with their waste water treatment facilities. These public safety issues would include removing/filling any tankage, cleaning/removing certain equipment, and backfilling certain exposed areas. This asset retirement obligation (ARO) of \$2,570,000 associated with the City's waste water treatment facilities were estimated by the City engineer. The remaining useful life of these facilities is 12 years.

State and/or federal laws and regulation require a City classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and

**City of Eastlake, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2021*

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excavated material must be tested for contamination. This assets retirement obligations (ARO) of \$67,500 associated with the City's underground storage tanks was estimated by the City engineer. The USTs have been fully depreciated. The City maintains insurance related to any potential pollution remediation associated with the USTs.

Local City laws and regulation require an "owner" or "operator," to remove from the ground any concrete swimming pools that are not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the swimming pool is removed, the soil in the ground cavity and excavated material must be tested for contamination. This assets retirement obligations (ARO) of \$18,999 associated with the City's swimming pool was estimated by the City engineer. The remaining useful life of the swimming pool is 38 years.

#### **Note 24 – COVID-19**

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

#### **Note 25 – Subsequent Events**

On January 27, 2022, the City entered into an agreement for \$700,000 with the Lake County Board of Commissioners to receive funds from the United States Department of Treasury under the American Rescue Plan Act of 2021, for the purpose of lighting improvements at Classic Park, to "aid impacted industries such as tourism, travel and hospitality" under the category "response to the public health emergency or its negative economic impacts".

On April 14, 2022, the City entered into an agreement for \$3,600,000 with the Lake County Board of Commissioners to receive funds from the United States Department of Treasury under the American Rescue Plan Act of 2021, for the purpose of utilizing funds for clubhouse and field renovations at Classic Park, to "aid impacted industries such as tourism, travel and hospitality" under the category "response to the public health emergency or its negative economic impacts".

The City has entered into an agreement for the period January 1, 2022 to December 31, 2024 for \$1,938,322 with the Ohio Department of Development to receive funds from the United States Department of Treasury under the American Rescue Plan Act of 2021, for the purpose of utilizing funds for Galalina and Harbor Area Sanitary Sewer Rehabilitation, to "aid impacted industries such as tourism, travel and hospitality" under the category "response to the public health emergency or its negative economic impacts".

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's Proportion of the Net Pension Liability	0.0186800%	0.0174930%	0.0168430%	0.0154430%
City's Proportionate Share of the Net Pension Liability	\$2,766,102	\$3,457,609	\$4,612,955	\$2,422,708
City's Covered Payroll	\$2,631,000	\$2,461,214	\$2,274,986	\$2,040,854
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.14%	140.48%	202.77%	118.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.0154640%	0.0160150%	0.0194010%	0.0194010%
\$3,511,613	\$2,773,999	\$2,339,977	\$2,287,125
\$1,999,008	\$1,993,250	\$2,378,625	\$2,522,631
175.67%	139.17%	98.38%	90.66%
77.25%	81.08%	86.45%	86.36%



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

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.0173970%	0.0162920%	0.0157000%	0.0144200%
City's Proportionate Share of the Net OPEB Liability/(Asset)	(\$309,941)	\$2,250,349	\$2,046,910	\$1,565,906
City's Covered Payroll	\$2,631,000	\$2,461,314	\$2,277,236	\$2,553,004
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-11.78%	91.43%	89.89%	61.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%

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

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

See accompanying notes to the required supplementary information

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2017

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0.0124000%

\$1,252,442

\$2,998,508

41.77%

54.04%

**City of Eastlake, Ohio**  
*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)*

	2021	2020	2019	2018
City's Proportion of the Net Pension Liability	0.1761211%	0.1717945%	0.1708640%	0.1662910%
City's Proportionate Share of the Net Pension Liability	\$12,006,333	\$11,572,996	\$13,947,018	\$10,206,031
City's Covered Payroll	\$4,224,613	\$3,987,448	\$4,064,518	\$3,321,193
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	284.20%	290.24%	343.14%	307.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.1698210%	0.1735800%	0.1820268%	0.1820270%
\$10,756,292	\$11,166,524	\$9,429,747	\$8,865,276
\$3,598,541	\$3,734,429	\$3,566,749	\$3,396,064
298.91%	299.02%	264.38%	261.05%
68.36%	66.77%	71.71%	73.00%

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

	2021	2020	2019	2018
City's Proportion of the Net OPEB Liability	0.1761211%	0.1717945%	0.1708640%	0.1662910%
City's Proportionate Share of the Net OPEB Liability	\$1,866,032	\$1,696,940	\$1,555,978	\$9,421,814
City's Covered Payroll	\$4,224,613	\$3,987,448	\$4,064,518	\$3,321,193
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	44.17%	42.56%	38.28%	283.69%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.40%	47.08%	46.57%	14.13%

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

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

See accompanying notes to the required supplementary information

2017

0.1698210%

\$8,061,021

\$3,598,541

224.01%

15.96%

**City of Eastlake, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Contributions*  
*Ohio Public Employees Retirement System*  
*Last Nine Years (1) (2)*

	2021	2020	2019	2018
<b>Net Pension Liability - Traditional Plan</b>				
Contractually Required Contribution	\$384,640	\$368,340	\$344,570	\$318,498
Contributions in Relation to the Contractually Required Contribution	<u>(384,640)</u>	<u>(368,340)</u>	<u>(344,570)</u>	<u>(318,498)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$2,747,429	\$2,631,000	\$2,461,214	\$2,274,986
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability - OPEB Plan (2)</b>				
Contractually Required Contribution	\$0	\$0	\$4	\$90
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(4)</u>	<u>(90)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (3)	\$2,747,429	\$2,631,000	\$2,461,214	\$2,277,236
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

(1) Information prior to 2013 is not available.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013
\$265,311	\$239,881	\$239,190	\$285,435	\$327,942
(265,311)	(239,881)	(239,190)	(285,435)	(327,942)
\$0	\$0	\$0	\$0	\$0
\$2,040,854	\$1,999,008	\$1,993,250	\$2,378,625	\$2,522,631
13.00%	12.00%	12.00%	12.00%	13.00%
\$40,895	\$79,960			
(40,895)	(79,960)			
\$0	\$0			
\$2,553,004	\$2,998,508			
1.60%	2.67%			



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

	2021	2020	2019	2018
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$1,025,676	\$906,426	\$857,583	\$874,338
Contributions in Relation to the Contractually Required Contribution	<u>(1,025,676)</u>	<u>(906,426)</u>	<u>(857,583)</u>	<u>(874,338)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$4,813,873	\$4,224,613	\$3,987,448	\$4,064,518
Pension Contributions as a Percentage of Covered Payroll	<u>21.31%</u>	<u>21.46%</u>	<u>21.51%</u>	<u>21.51%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$24,070	\$21,123	\$19,938	\$20,322
Contributions in Relation to the Contractually Required Contribution	<u>(24,070)</u>	<u>(21,123)</u>	<u>(19,938)</u>	<u>(20,322)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.57%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>
Total Contributions as a Percentage of Covered Payroll	<u>21.88%</u>	<u>21.96%</u>	<u>22.01%</u>	<u>22.01%</u>

(1) The City's Covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$712,177	\$772,472	\$797,325	\$761,770	\$612,833	\$527,697
<u>(712,177)</u>	<u>(772,472)</u>	<u>(797,325)</u>	<u>(761,770)</u>	<u>(612,833)</u>	<u>(527,697)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,321,193	\$3,598,541	\$3,734,429	\$3,566,749	\$3,396,064	\$3,542,262
<u>21.44%</u>	<u>21.47%</u>	<u>21.35%</u>	<u>21.36%</u>	<u>18.05%</u>	<u>14.90%</u>
\$16,606	\$17,993	\$18,672	\$17,834	\$122,824	\$239,103
<u>(16,606)</u>	<u>(17,993)</u>	<u>(18,672)</u>	<u>(17,834)</u>	<u>(122,824)</u>	<u>(239,103)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>0.50%</u>	<u>3.62%</u>	<u>6.75%</u>
<u>21.94%</u>	<u>21.97%</u>	<u>21.85%</u>	<u>21.86%</u>	<u>21.67%</u>	<u>21.65%</u>

**City of Eastlake, Ohio**  
*Notes to the Required Supplementary Information*  
*For the year ended December 31, 2021*

**Changes in Assumptions – OPERS Pension – Traditional Plan**

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

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

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

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

2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2017 use pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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

**City of Eastlake, Ohio**  
*Notes to the Required Supplementary Information*  
For the year ended December 31, 2021

**Changes in Assumptions – OPERS Pension – Combined Plan**

For 2021 and 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013 retirees as the Traditional Plan. For 2019, the investment rate of return changed from 7.5 percent to 7.2 percent.

**Changes in Assumptions – OP&F Pension**

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

	Beginning in 2018	2017 and Prior
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	8.0 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent	Inflation rate of 3.25 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent	3.00 percent simple; 2.6 percent simple for increases based on the lesser of the increase in CPI and 3 percent

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

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

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

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

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

**City of Eastlake, Ohio**  
*Notes to the Required Supplementary Information*  
*For the year ended December 31, 2021*

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**Changes in Assumptions – OPERS OPEB**

Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

**Changes in Assumptions – OP&F OPEB**

Blended Discount Rate:	
2021	2.96 percent
2020	3.56 percent
2019	4.66 percent
2018	3.24 percent

**Changes in Benefit Terms – OPERS OPEB**

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

**Changes in Benefit Terms – OP&F OPEB**

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