



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF LYNDHURST
CUYAHOGA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

City of Lyndhurst
Cuyahoga County
5301 Mayfield Road
Lyndhurst, Ohio 44124

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lyndhurst, Cuyahoga County, Ohio (the City), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lyndhurst, Cuyahoga County, Ohio as of December 31, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

August 7, 2025

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CITY OF LYNDHURST, OHIO

***Management's Discussion and Analysis* For the Year Ended December 31, 2024**

Unaudited

The discussion and analysis of the City of Lyndhurst's (the City) financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2024. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2024 are as follows:

- In total, net position increased \$1,054,599, a 1.6% increase from 2023.
- General revenues accounted for approximately \$20.5 million in revenue or 77% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 23% of total revenues of approximately \$27 million.
- The City had approximately \$26 million in expenses related to governmental activities; only approximately \$6.2 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of approximately \$20.5 million and reserves were adequate to provide for these programs.
- Among major funds, the general fund had approximately \$19 million in revenues and approximately \$20 million in expenditures and other financing uses. The general fund's fund balance decreased \$455,144 to \$10,764,884.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis ***For the Year Ended December 31, 2024***

Unaudited

Government-Wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources, excluding fiduciary funds. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, income tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- **Governmental Activities** – The City's programs and services that are reported here include security of persons and property, public health and welfare services, leisure time activities, community environment, basic utility services, transportation and general government.
- **Business-Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City has no business-type activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

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

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis **For the Year Ended December 31, 2024**

Unaudited

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Net Position and a separate Statement of Changes in Net Position.

The presentation of the City's major funds begins on page 10. The City's major funds are the General Fund, General Obligation Bond Retirement Fund and the Capital Reserve Fund.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position as of December 31, 2024, and 2023:

	Governmental Activities	
	2024	2023
Current and other assets	<u>\$39,946,314</u>	<u>\$36,671,962</u>
Capital assets, Net	<u>65,986,227</u>	<u>65,513,422</u>
Total assets	<u>105,932,541</u>	<u>102,185,384</u>
Deferred outflows of resources	<u>8,606,500</u>	<u>11,647,290</u>
Net pension liability	26,847,088	28,953,020
Net OPEB liability	1,440,680	1,671,790
Other long-term liabilities	6,648,327	6,136,180
Other liabilities	2,560,627	2,265,902
Total liabilities	<u>37,496,722</u>	<u>39,026,892</u>
Deferred inflows of resources	<u>10,453,262</u>	<u>8,642,207</u>
Net position (deficit):		
Net investment in capital assets	61,873,489	60,970,728
Restricted	10,036,689	8,505,898
Unrestricted	(5,321,121)	(3,313,051)
Total net position	<u>\$66,589,057</u>	<u>\$66,163,575</u>

The net pension liability (NPL) is reported by the City pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*.

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2024

Unaudited

GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis
For the Year Ended December 31, 2024

Unaudited

Changes in Net Position – The following table shows the changes in net position for the fiscal year 2024 and 2023:

	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Charges for Services and Sales	\$3,256,740	\$4,030,361
Operating Grants and Contributions	2,270,689	1,892,051
Capital Grants and Contributions	718,933	1,288,436
General revenues:		
Property Taxes	5,014,169	4,960,216
Payments in Lieu Taxes	650,228	435,466
Municipal Income Taxes	11,877,429	12,667,638
Other Local Taxes	341,352	378,346
Unrestricted Grants and Entitlements	1,156,844	1,084,438
Investment Earnings	1,016,355	697,732
Miscellaneous	398,955	232,387
Total revenues	<u>26,701,694</u>	<u>27,667,071</u>
Program Expenses		
Security of Persons and Property	11,088,516	11,223,960
Public Health and Welfare Services	101,863	92,730
Leisure Time Activities	1,245,235	1,458,370
Community Environment	3,255,460	1,181,324
Basic Utility Services	3,135,798	3,055,014
Transportation	1,394,253	2,466,125
General Government	5,291,516	5,438,997
Interest and Fiscal Charges	134,454	139,609
Total expenses	<u>25,647,095</u>	<u>25,056,129</u>
Total Change in Net Position	1,054,599	2,610,942
Net Position as Previously Reported	66,163,575	63,552,633
Change in Accounting Principle (GASB Statement 101)	(629,117)	0
Net Position Beginning of Year, as Restated	<u>65,534,458</u>	<u>0</u>
Net Position End of Year	<u><u>\$66,589,057</u></u>	<u><u>\$66,163,575</u></u>

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

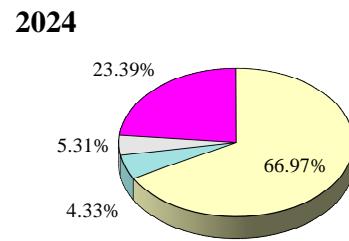
Unaudited

Governmental Activities

Net Position of the City's governmental activities increased by 1.6% or \$1,054,599 in total net position. Revenues generated \$27 million and expenses from all programs were \$26 million resulting in an increase for the year of \$1,054,599. Much of this increase was related to increases in property tax revenue, paired with increases in both operating grants and contributions and investment earnings during the year.

Property taxes and income taxes made up 19% and 45%, respectively of revenues for governmental activities for the City in fiscal year 2024. The City's reliance upon tax revenues is demonstrated by the following graph indicating approximately 66.97% of total revenues from general tax revenues:

Revenue Sources	2024	Percent of Total
General Shared Revenues	\$1,156,844	4.33%
Program Revenues	6,246,362	23.39%
General Tax Revenues	17,883,178	66.97%
General Other	1,415,310	5.31%
Total Revenue	\$26,701,694	100.00%



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$23,540,579, which is an increase from last year's balance of \$22,357,208. The schedule below indicates the fund balance and the total change in fund balance by major fund type as of December 31, 2024, and 2023:

	Fund Balance December 31, 2024	Fund Balance December 31, 2023	Increase (Decrease)
General	\$10,764,884	\$11,220,028	(\$455,144)
General Obligation Bond Retirement	2,128,005	1,799,398	328,607
Capital Reserve	2,430,131	2,245,192	184,939
Other Governmental	8,217,559	7,092,590	1,124,969
Total	\$23,540,579	\$22,357,208	\$1,183,371

General Fund

The City's general fund balance increase is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the general fund.

CITY OF LYNDHURST, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2024**

Unaudited

	2024 Revenues	2023 Revenues	Increase (Decrease)
Taxes	\$15,126,163	\$15,090,235	\$35,928
Intergovernmental Revenue	975,555	869,996	105,559
Charges for Services	886,688	716,797	169,891
Licenses and Permits	384,295	1,034,706	(650,411)
Fines and Forfeitures	1,362,153	1,318,320	43,833
All Other Revenue	655,471	662,120	(6,649)
Total	\$19,390,325	\$19,692,174	(\$301,849)

General fund revenues in 2024 decreased 1.5% compared to revenues in fiscal year 2023. The most significant factor contributing to this decrease is the decrease in licenses and permits related to a decrease in building permits resulting from a demolition permit issued in 2023 compared to 2024.

	2024 Expenditures	2023 Expenditures	Increase (Decrease)
Security of Persons and Property	\$9,127,484	\$8,622,782	\$504,702
Public Health and Welfare Services	101,863	92,730	9,133
Leisure Time Activities	1,257,202	1,203,854	53,348
Community Environment	523,358	435,867	87,491
Basic Utility Services	1,716,445	1,518,666	197,779
General Government	4,620,059	4,494,842	125,217
Debt Service:			
Principal Retirement	19,956	19,122	834
Interest and Fiscal Charges	874	1,424	(550)
Total	\$17,367,241	\$16,389,287	\$977,954

General fund expenditures increased by \$977,954 or by 6% compared to the prior year. The largest increase is in security of persons and property and basic utility services. Most of the increase in security of persons and property and basic utility services can be attributed to an increase across the board in salaries, overtime and longevity payouts in 2024 compared to 2023.

General Obligation Bond Retirement Fund

The general obligation bond retirement fund is funded through property taxes. Property taxes are then used to pay down the City's outstanding debt. The fund balance increased by 18.2% in 2024 as revenues were more than sufficient to cover debt service charges.

Capital Reserve Fund

The capital reserve fund is reserved for major capital improvements and is currently being funded by an allocation of investment earnings. The fund balance increased by 8.2% in 2024 as there were no expenditures during the year.

General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2024, the City amended its general fund budget several times, none significant.

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis ***For the Year Ended December 31, 2024***

Unaudited

For the general fund, final budget basis revenue of approximately \$18.7 million changed slightly from the original budget estimates of \$18.5 million. The general fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the City had \$65,986,227 net of accumulated depreciation invested in land, construction in progress, buildings, improvements other than buildings, machinery and equipment and infrastructure. The following table shows fiscal year 2024 and 2023 balances (net of accumulated depreciation):

	Governmental Activities	Increase (Decrease)
	2024	
Land	\$647,208	\$0
Construction in Progress	1,389,299	378,611
Buildings	16,032,262	148,189
Improvements Other than Buildings	3,926,447	70,421
Machinery and Equipment	16,616,193	1,225,757
Infrastructure	121,167,267	670,779
Less: Accumulated Depreciation	<u>(93,792,449)</u>	<u>(2,020,952)</u>
Totals	\$65,986,227	\$472,805

Capital assets, net of accumulated depreciation, increased by \$472,805, with the primary increase in machinery and equipment. The City invests in equipment to maintain community safety and to uphold efficient and effective services. For example, the service department purchased a new combination dump body spreader plow truck, as well as a garbage truck. The City's safety forces maintain a continuous replacement schedule for their vehicle fleets as the police department purchased five new Ford Explorers and the fire department purchased a Chevrolet Traverse.

The next largest increase in capital spending was in infrastructure as the City continues to reinvest in its streets, sidewalks, and sewers on an annual basis.

The City continues its strong and mindful commitment to long-term enhancements to both its capital assets and infrastructure. Additional information on the City's capital assets can be found in Note 10.

CITY OF LYNDHURST, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2024

Unaudited

Debt

The following table summarizes the City's debt outstanding as of December 31, 2024, and 2023:

	2024	Restated 2023
Governmental Activities:		
General Obligation Bonds	\$3,105,000	\$3,415,000
Long-Term Notes	1,000,000	1,100,000
Net Pension Liability	26,847,088	28,953,020
Net OPEB Liability	1,440,680	1,671,790
Compensated Absences	2,535,589	2,222,603
Leases Payable	7,738	27,694
Total Governmental Activities	<u><u>\$34,936,095</u></u>	<u><u>\$37,390,107</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the county in which Lyndhurst lies, is limited to 11.5 mills. At December 31, 2024, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

ECONOMIC FACTORS

The City's original budget for 2024 utilized conservative revenue estimates with limited increases in base operating costs. Original General Fund revenues were projected to be relatively flat when compared to actual receipts for 2024.

General Fund expenditures for 2024 were originally budgeted at 9.8% more than 2024 actual expenditures. Department requests included increased personnel costs in accordance with negotiated collective bargaining agreements plus increased health care costs.

City Council continues to pursue new revenue sources, while reviewing the possibility of increasing existing sources, in addition to a continued review of reducing expenditures. The City's conservative approach and sound financial management has allowed the City government to financially sustain services.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department by calling 440-442-5777 or writing to City of Lyndhurst Finance Department, 5301 Mayfield Road, Lyndhurst, Ohio 44124.

CITY OF LYNDHURST, OHIO

Statement of Net Position
December 31, 2024

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$ 23,043,889
Receivables:	
Taxes	11,494,054
Accounts	1,119,938
Intergovernmental	903,842
Payments in Lieu of Taxes	650,228
Special Assessments	1,579,828
Settlements	56,978
Leases	310,260
Inventory of Supplies at Cost	141,508
Prepaid Items	390,074
Net OPEB Asset	255,715
Capital Assets:	
Capital Assets Not Being Depreciated	2,036,507
Capital Assets Being Depreciated, Net	<u>63,949,720</u>
Total Assets	<u>105,932,541</u>
Deferred Outflows of Resources:	
Pension	7,626,488
OPEB	<u>980,012</u>
Total Deferred Outflows of Resources	<u>8,606,500</u>
Liabilities:	
Accounts Payable	183,058
Accrued Wages and Benefits	756,342
Intergovernmental Payable	1,516,529
Retainage Payable	59,062
Accrued Interest Payable	45,636
Noncurrent liabilities:	
Due Within One Year	2,030,216
Long-Term Liabilities:	
Due in More Than One Year	4,618,111
Net Pension Liability	26,847,088
Net OPEB Liability	<u>1,440,680</u>
Total Liabilities	<u>37,496,722</u>

(Continued)

CITY OF LYNDHURST, OHIO

	<u>Governmental Activities</u>
Deferred Inflows of Resources:	
Property Tax Levy for the Next Fiscal Year	7,023,560
Pension	1,617,147
OPEB	1,502,295
Leases	<u>310,260</u>
Total Deferred Inflows of Resources	<u>10,453,262</u>
Net Position:	
Net Investment in Capital Assets	61,873,489
Restricted For:	
OPEB	255,715
Capital Projects	2,682,920
Debt Service	2,488,276
Other Purposes	4,609,778
Unrestricted (Deficit)	<u>(5,321,121)</u>
Total Net Position	<u>\$ 66,589,057</u>

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

Statement of Activities **For the Year Ended December 31, 2024**

	Program Revenues				Net Position
	Charges for Services and Sales		Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
Governmental Activities:					
Current:					
Security of Persons and Property	\$ 11,088,516	\$ 709,119	\$ 108,825	\$ 111,183	\$(10,159,389)
Public Health and Welfare Services	101,863	0	0	0	(101,863)
Leisure Time Activities	1,245,235	192,782	0	0	(1,052,453)
Community Environment	3,255,460	245,775	257,856	0	(2,751,829)
Basic Utility Services	3,135,798	75	817,055	590,059	(1,728,609)
Transportation	1,394,253	94,931	1,059,020	17,691	(222,611)
General Government	5,291,516	2,014,058	27,933	0	(3,249,525)
Interest and Fiscal Charges	134,454	0	0	0	(134,454)
Total Governmental Activities	\$ 25,647,095	\$ 3,256,740	\$ 2,270,689	\$ 718,933	(19,400,733)
General Revenues					
Property Taxes Levied For:					
General Purpose					3,221,048
Debt Service					1,530,705
Police Pension					131,208
Fire Pension					131,208
Payments in Lieu of Taxes					650,228
Municipal Income Taxes					11,877,429
Other Local Taxes					341,352
Grants and Entitlements not Restricted to Specific Programs					1,156,844
Investment Earnings					1,016,355
Miscellaneous					398,955
Total General Revenues					20,455,332
Change in Net Position					1,054,599
Net Position as Previously Reported					66,163,575
Change in Accounting Principle (GASB Statement 101)					(629,117)
Net Position Beginning of Year, as Restated					65,534,458
Net Position End of Year					\$ 66,589,057

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

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CITY OF LYNDHURST, OHIO

Balance Sheet
Governmental Funds
December 31, 2024

	General	General Obligation Bond Retirement	Capital Reserve	Other Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$ 9,619,800	\$ 2,128,005	\$ 2,430,131	\$ 8,865,953
Receivables:				
Taxes	9,140,123	2,009,453	0	344,478
Accounts	1,035,922	0	0	84,016
Intergovernmental	407,162	97,367	0	399,313
Payments in Lieu of Taxes	0	0	0	650,228
Special Assessments	13,916	0	0	1,565,912
Settlements	0	0	0	56,978
Leases Receivable	310,260	0	0	0
Inventory of Supplies, at Cost	80,593	0	0	60,915
Prepaid Items	381,766	0	0	8,308
Total Assets	<u>\$ 20,989,542</u>	<u>\$ 4,234,825</u>	<u>\$ 2,430,131</u>	<u>\$ 12,036,101</u>
Liabilities:				
Accounts Payable	\$ 92,269	\$ 0	\$ 0	\$ 90,789
Accrued Wages and Benefits Payable	573,148	0	0	183,194
Intergovernmental Payable	866,301	0	0	650,228
Retainage Payable	59,062	0	0	0
Total Liabilities	<u>1,590,780</u>	<u>0</u>	<u>0</u>	<u>924,211</u>
Deferred Inflows of Resources:				
Unavailable Amounts	4,222,517	167,111	0	1,911,581
Property Tax for Next Fiscal Year	4,101,101	1,939,709	0	982,750
Leases	310,260	0	0	0
Total Deferred Inflows of Resources	<u>8,633,878</u>	<u>2,106,820</u>	<u>0</u>	<u>2,894,331</u>
Fund Balances:				
Nonspendable	462,359	0	0	68,602
Restricted	0	2,128,005	0	5,637,372
Committed	0	0	2,430,131	3,034,180
Assigned	2,656,883	0	0	0
Unassigned	7,645,642	0	0	(522,595)
Total Fund Balances	<u>10,764,884</u>	<u>2,128,005</u>	<u>2,430,131</u>	<u>8,217,559</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 20,989,542</u>	<u>\$ 4,234,825</u>	<u>\$ 2,430,131</u>	<u>\$ 12,036,101</u>

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

Total
Governmental
Funds

\$ 23,043,889

11,494,054
1,119,938
903,842
650,228
1,579,828
56,978
310,260
141,508
390,074

\$ 39,690,599

\$ 183,058
756,342
1,516,529
59,062

2,514,991

6,301,209
7,023,560
310,260

13,635,029

530,961
7,765,377
5,464,311
2,656,883
7,123,047

23,540,579

\$ 39,690,599

CITY OF LYNDHURST, OHIO

***Reconciliation of Total Governmental Fund Balances
To Net Position of Governmental Activities
December 31, 2024***

Total Governmental Fund Balances		\$ 23,540,579
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		65,986,227
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Municipal Income Taxes	2,861,270	
Property Taxes	229,159	
Charges for Services	871,541	
Special Assessments	1,579,827	
Settlements	56,978	
Intergovernmental	<u>702,434</u>	6,301,209
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	255,715	
Deferred Outflows - Pension	7,626,488	
Deferred Inflows - Pension	(1,617,147)	
Deferred Outflows - OPEB	980,012	
Deferred Inflows - OPEB	(1,502,295)	
Net Pension Liability	(26,847,088)	
Net OPEB Liability	<u>(1,440,680)</u>	(22,544,995)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds: it is reported when due.		(45,636)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long-Term Note Payable	(1,000,000)	
General Obligation Bonds Payable	(3,105,000)	
Leases Payable	(7,738)	
Compensated Absences Payable	<u>(2,535,589)</u>	(6,648,327)
Net Position of Governmental Activities		\$ 66,589,057

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

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CITY OF LYNDHURST, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024**

	General Obligation		Capital Reserve	Other Governmental Funds
	General	Bond Retirement		
Revenues:				
Property Taxes	\$ 3,236,336	\$ 1,530,705	\$ 0	\$ 262,416
Payment in Lieu of Taxes	0	0	0	650,228
Municipal Income Tax	11,889,827	0	0	0
Other Local Taxes	0	0	0	341,352
Intergovernmental Revenues	975,555	195,126	0	1,087,472
Charges for Services	886,688	0	0	0
Licenses and Permits	384,295	0	0	0
Investment Earnings	0	154,613	184,939	676,803
Special Assessments	0	0	0	1,566,051
Fines and Forfeitures	1,362,153	0	0	506,914
All Other Revenue	655,471	0	0	113,030
Total Revenue	19,390,325	1,880,444	184,939	5,204,266
Expenditures:				
Current:				
Security of Persons and Property	9,127,484	0	0	1,509,326
Public Health and Welfare Services	101,863	0	0	0
Leisure Time Activities	1,257,202	0	0	0
Community Environment	523,358	0	0	2,555,381
Basic Utility Services	1,716,445	0	0	1,182,486
Transportation	0	0	0	1,875,658
General Government	4,620,059	7,775	0	554,027
Debt Service:				
Principal Retirement	19,956	1,410,000	0	0
Interest & Fiscal Charges	874	134,062	0	0
Total Expenditures	17,367,241	1,551,837	0	7,676,878
Excess (Deficiency) of Revenues				
Over Expenditures	2,023,084	328,607	184,939	(2,472,612)
Other Financing Sources (Uses):				
Sale of Capital Assets	58	0	0	140,354
General Obligation Notes Issued	0	0	0	1,000,000
Transfers In	0	0	0	2,466,126
Transfers Out	(2,466,126)	0	0	0
Total Other Financing Sources (Uses)	(2,466,068)	0	0	3,606,480
Net Change in Fund Balances	(442,984)	328,607	184,939	1,133,868
Fund Balances at Beginning of Year	11,220,028	1,799,398	2,245,192	7,092,590
Decrease in Inventory Reserve	(12,160)	0	0	(8,899)
Fund Balances End of Year	\$ 10,764,884	\$ 2,128,005	\$ 2,430,131	\$ 8,217,559

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

Total	
Governmental	
Funds	
<hr/>	
\$	5,029,457
	650,228
	11,889,827
	341,352
	2,258,153
	886,688
	384,295
	1,016,355
	1,566,051
	1,869,067
	768,501
<hr/>	26,659,974

10,636,810
101,863
1,257,202
3,078,739
2,898,931
1,875,658
5,181,861
<hr/>
1,429,956
134,936
<hr/>
26,595,956

64,018

140,412
1,000,000
2,466,126
(2,466,126)
<hr/>
1,140,412

1,204,430
22,357,208
(21,059)
<hr/>
\$ 23,540,579

CITY OF LYNDHURST, 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, 2024***

Net Change in Fund Balances - Total Governmental Funds	\$ 1,204,430
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Amounts reported for governmental activities in the statement of activities are different because

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

Capital Outlay	3,840,215
Depreciation	<u>(3,336,617)</u>
	503,598

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (30,793)

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

Municipal Income Taxes	(12,398)
Property Taxes	(15,288)
Charges for Services	(90,475)
Special Assessments	90,404
Settlements	56,978
Intergovernmental	<u>(127,913)</u>
	(98,692)

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

Pension	1,867,785
OPEB	<u>27,477</u>
	1,895,262

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

Pension	(2,456,970)
OPEB	<u>(58,629)</u>
	(2,515,599)

(Continued)

CITY OF LYNDHURST, OHIO

The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net position. In addition, repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-Term Note Issued	(1,000,000)
Long-Term Note Principal	1,100,000
G.O. Bond Principal	310,000
Lease Principal	<u>19,956</u> 429,956

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net position.

Accrued Interest Payable	482
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(21,059)
Increase in Compensated Absences Payable	<u>(312,986)</u> (334,045)

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 1,054,599</u>
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See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

***Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For The Year Ended December 31, 2024***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 3,151,533	\$ 3,151,533	\$ 3,236,336	\$ 84,803
Municipal Income Tax	11,457,125	11,457,125	11,868,544	411,419
Intergovernmental Revenue	996,053	1,091,862	965,643	(126,219)
Charges for Services	646,100	651,100	899,718	248,618
Licenses and Permits	225,300	290,300	384,780	94,480
Fines and Forfeitures	1,499,500	1,506,500	1,363,657	(142,843)
All Other Revenues	550,381	569,344	677,857	108,513
Total Revenues	<u>18,525,992</u>	<u>18,717,764</u>	<u>19,396,535</u>	<u>678,771</u>
Expenditures:				
Current:				
Security of Persons and Property	9,315,206	9,412,596	9,221,928	190,668
Public Health and Welfare Services	101,863	101,863	101,863	0
Leisure Time Activities	938,779	1,021,354	977,010	44,344
Community Environment	555,815	610,315	509,273	101,042
Basic Utility Services	1,809,415	1,960,915	1,866,709	94,206
General Government	5,181,239	5,269,890	4,710,152	559,738
Total Expenditures	<u>17,902,317</u>	<u>18,376,933</u>	<u>17,386,935</u>	<u>989,998</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	623,675	340,831	2,009,600	1,668,769
Other Financing Sources (Uses):				
Sale of Capital Assets	0	5,500	58	(5,442)
Transfers Out	(2,736,126)	(2,736,126)	(2,736,126)	0
Advances Out	(810,731)	(810,731)	0	810,731
Total Other Financing Sources (Uses):	<u>(3,546,857)</u>	<u>(3,541,357)</u>	<u>(2,736,068)</u>	<u>805,289</u>
Net Change In Fund Balance	(2,923,182)	(3,200,526)	(726,468)	2,474,058
Fund Balance at Beginning of Year	8,548,827	8,548,827	8,548,827	0
Prior Year Encumbrances	448,958	448,958	448,958	0
Fund Balance at End of Year	<u>\$ 6,074,603</u>	<u>\$ 5,797,259</u>	<u>\$ 8,271,317</u>	<u>\$ 2,474,058</u>

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

***Statement of Net Position
Fiduciary Funds
December 31, 2024***

	Custodial Funds
Assets:	
Cash and Cash Equivalents	\$ 487,773
Total Assets	<u><u>\$ 487,773</u></u>
Liabilities:	
Intergovernmental Payable	\$ 487,773
Total Liabilities	<u><u>\$ 487,773</u></u>

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

***Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2024***

	Custodial Funds
Additions:	
Contributions:	
Fines, Licenses and Permits for Distribution	\$ 3,538,737
Deposits Received	<u>15,070</u>
Total Contributions	<u><u>3,553,807</u></u>
Deductions:	
Distributions to Other Governments	<u>3,553,807</u>
Total Deductions	<u><u>3,553,807</u></u>
Net Change in Fiduciary Net Position	0
Net Position at Beginning of Year	0
Net Position End of Year	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Lyndhurst, Ohio (the City) was incorporated on January 16, 1951, and is a home rule municipal corporation created under the laws of the State of Ohio. The City operates a Mayor-Council form of government.

The accompanying basic financial statements of the City are presented as of December 31, 2024, and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

A legally separate organization is a component unit of the primary government if (1) the primary government is financially accountable for the organization, (2) the nature and significance of the relationship between the primary government and the organization are such that the exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete, or (3) the organization is closely related to or financially integrated with the primary government. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes.

Based on the foregoing, the City has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which includes the following services: fire and police protection, emergency medical response, parks, recreation, planning, zoning, street construction and maintenance, refuse collection and other governmental services.

The City is associated with three organizations, two are defined as joint ventures and one is defined as a jointly governed organization. The joint venture organizations are the Community Partnership on Aging and the Legacy Village Investors, LLC. The jointly governed organization is the Northeast Ohio Public Energy Council. These organizations are presented in Notes 16 and 17, respectively of the notes to the basic financial statements.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

The governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

General Obligation Bond Retirement Fund - This fund is used for the accumulation of resources for, and the payment of, principal and interest on general obligation debt.

Capital Reserve Fund - This fund is used to account for financial resources set aside by other capital projects funds to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Custodial Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's only fiduciary funds are custodial funds. These funds operate on a full accrual basis of accounting. The City has three custodial funds. The three funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Community Center Fund, which accounts for deposits related to Community Center activities, and the Ohio Board of Building Standards Assessment Fund, which accounts for assessed funds as required by the Ohio Revised Code.

C. Basis of Presentation – Financial Statements

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 activities. The City has no activities considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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 LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a Balance Sheet, which generally includes only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources, and a Statement of Revenues, Expenditures and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the period in which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Other revenue, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, is recorded as revenue when received in cash because it is generally not measurable until received.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflows of resources – unavailable amounts. Property taxes measurable as of December 31, 2024, but which are not intended to finance 2024 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7.

E. Deferred Inflows/Outflows 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 (expenses/expenditures) until then. For the City, deferred outflows related to pension/OPEB are explained in notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, charges for services, interest and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 11 and 12)

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year. All funds, other than custodial funds, are legally required to be budgeted and appropriated; however, only the general fund is required to be reported. Budgetary modifications above the major object level by fund may only be made by ordinance of the City Council.

1. Tax Budget

The Mayor submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Fiscal Officer, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2024.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and salaries/wages and other expenditures object level, and may be modified during the year by ordinance of the City Council. Total fund appropriations may not exceed the current estimated resources as certified by the County Budget Commission. Expenditures may not legally exceed budgeted appropriations at the salaries/wages and other expenditures object level. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual (Non-GAAP Budgetary Basis)—General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budgetary basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as part of restricted, committed or assigned fund balances for governmental funds in the accompanying basic financial statements.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Utilizing the budgetary basis, revenues are recorded when received in cash and expenditures are recorded when paid or encumbered. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change In Fund Balance	
	General Fund
GAAP Basis (as reported)	(\$442,984)
Increase (Decrease):	
Accrued Revenues at	
December 31, 2024	
received during 2025	(2,273,505)
Accrued Revenues at	
December 31, 2023	
received during 2024	2,298,907
Accrued Expenditures at	
December 31, 2024	
paid during 2025	751,730
Accrued Expenditures at	
December 31, 2023	
paid during 2024	(695,422)
2023 Prepays for 2024	372,050
2024 Prepays for 2025	(381,766)
2023 Municipal Court Cash	108,866
2024 Municipal Court Cash	(107,362)
Outstanding Encumbrances	(360,687)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	3,705
Budgetary Basis	<u><u>(\$726,468)</u></u>

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit. The certificates of deposit are considered cash equivalents because they are highly liquid investments with original maturity dates of three months or less.

The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and cash equivalents represents the balance on hand as if each fund maintained its own cash and cash equivalent account. See Note 6, "Cash and Cash Equivalents."

H. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "*Accounting and Financial Reporting for Certain Investments and for External Investment Pools*", the City records all its investments at fair value except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. The City allocates interest among the various funds based upon applicable legal and administrative requirements. See Note 6, "Cash and Cash Equivalents."

During 2024, 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 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, 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.

I. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds. The cost of inventory items are recorded as expenditures in the governmental funds when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Capital Assets and Depreciation

1. Property, Plant and Equipment - Governmental Activities

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

Governmental activities capital assets are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

2. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Buildings	15 - 50
Improvements other than Buildings	25
Infrastructure	10 - 65
Machinery, Equipment, Furniture and Fixtures	3 - 20

L. Long-Term Debt

Long-term debt is being repaid from the following funds:

Obligation	Fund
Long-Term Note	General Obligation Bond Retirement Fund
General Obligation Bond	General Obligation Bond Retirement Fund
Leases	General Fund

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Compensated Absences

GASB Statement No. 101, “*Compensated Absences*”, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. GASB Statement No. 101 establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. In addition, certain salary related payments that are directly and incrementally associated with the payments for leave should be included in the measurement of the liability.

For governmental funds, that portion of unpaid compensated absences that has matured and is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account “Compensated Absences Payable.” In the government-wide Statement of Net Position, “Compensated Absences Payable” is recorded within the “Due within one year” account and the long-term portion of the liability is recorded within the “Due in more than one year” account.

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. 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 (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the general fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

T. Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET POSITION

A. Change in Accounting Principles

For 2024 the City implemented Governmental Accounting Standards Board (GASB) Statement No. 100, “Accounting Changes and Error Corrections” and Statement No. 101, “Compensated Absences.”

GASB Statement No. 100 addresses accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences.

The implementation of Statement 100 had no effect on beginning net position/fund balance.

B. Restatement of Net Position

Certain adjustments were necessary to beginning of year net position to implement GASB Statement No. 101 updating the recognition and measurement guidance for compensated absences.

This implementation had the following effect on net position as reported December 31, 2023:

	Governmental Activities
Net Position December 31, 2023, as Reported	<u>\$66,163,575</u>
Adjustments:	
Implementation of GASB 101	<u>(629,117)</u>
Restated Net Position December 31, 2023	<u><u>\$65,534,458</u></u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit - The fund deficit at December 31, 2024, of \$522,595 in the Legacy Village Public Improvement Tax Fund (debt service fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The deficits do not exist under the cash basis of accounting. The General Fund provides transfers when cash is required, not when accruals occur.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	General Obligation Bond Retirement Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$381,766	\$0	\$0	\$8,308	\$390,074
Supplies Inventory	80,593	0	0	60,294	140,887
Total Nonspendable	462,359	0	0	68,602	530,961
Restricted:					
State Highway Improvements	0	0	0	123,891	123,891
Probation Services	0	0	0	28,340	28,340
Court Special Projects	0	0	0	311,974	311,974
Street Construction and Maintenance	0	0	0	1,024,875	1,024,875
Municipal Court EDP	0	0	0	114,183	114,183
Community Development HUD	0	0	0	2,887	2,887
Indigent Drivers DUI	0	0	0	280,107	280,107
Law Enforcement	0	0	0	235,773	235,773
One Ohio Opioid	0	0	0	46,533	46,533
Street Improvement	0	0	0	1,048,261	1,048,261
Police Pension	0	0	0	128,772	128,772
Fire Pension	0	0	0	94,623	94,623
Street Lighting	0	0	0	214,764	214,764
Sewer Maintenance and Repair	0	0	0	562,195	562,195
Sidewalk Construction and Maintenance	0	0	0	153,384	153,384
Sewer Construction	0	0	0	959,579	959,579
Shade Trees	0	0	0	48,435	48,435
American Rescue State Relief	0	0	0	20,000	20,000
Debt Service Payments	0	2,128,005	0	238,796	2,366,801
Total Restricted	0	2,128,005	0	5,637,372	7,765,377
Committed:					
Permanent Improvements	0	0	0	3,034,180	3,034,180
Capital Reserve	0	0	2,430,131	0	2,430,131
Total Committed	0	0	2,430,131	3,034,180	5,464,311
Assigned	2,656,883	0	0	0	2,656,883
Unassigned	7,645,642	0	0	(522,595)	7,123,047
Total Fund Balances	\$10,764,884	\$2,128,005	\$2,430,131	\$8,217,559	\$23,540,579

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements
For the Year Ended December 31, 2024

NOTE 5 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources consisted of the following sources on the modified accrual basis:

Delinquent Income Tax Revenue	\$2,861,270
Delinquent Property Tax Revenue	229,159
Charges for Services	871,541
Special Assessment Revenue	1,579,827
Settlements Revenue	56,978
Unrestricted Grants and Entitlements	702,434
	<hr/> <u>\$6,301,209</u>

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

Statutes require the classification of funds held by the City into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that 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 that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements ***For the Year Ended December 31, 2024***

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). Ohio law requires that deposits be either 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 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.

At year-end the carrying amount of the City's deposits was \$2,623,442 and the bank balance was \$2,692,642. Federal depository insurance covered \$1,000,000 of the bank balance and \$1,692,642 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and uncollateralized	<u>\$1,692,642</u>
Total Balance	<u><u>\$1,692,642</u></u>

B. Investments

The City's investments at December 31, 2024, were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>
			<u>Hierarchy</u>	<u>less than 1</u>
STAR Ohio	<u>\$20,907,614</u>	AAAm ¹	N/A	<u>\$20,907,614</u>
Total Investments	<u><u>\$20,907,614</u></u>			<u><u>\$20,907,614</u></u>

¹Standard & Poor's

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 6 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

Credit Risk – The City's investment policy addresses credit risk by limiting investments to the safest types of securities, pre-qualifying financial institutions, brokers, intermediaries and financial advisors and by diversifying the investment portfolio so that potential losses on individual securities do not exceed income generated from the remaining portfolio.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2024 were levied after October 1, 2023, on assessed values as of January 1, 2023, the lien date. Assessed values were established by the Fiscal Officer at 35% of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2024. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder is payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Lyndhurst. The County Fiscal Officer periodically remits to the City its portion of the taxes collected.

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 7 – TAXES (Continued)

A. Property Taxes (Continued)

The full tax rate for all City operations for the year ended December 31, 2024, was \$11.50 per \$1,000 of assessed value. The assessed value upon which the 2024 receipts were based was \$490,771,590. This amount constitutes \$480,624,540 in real property assessed value and \$10,147,050 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is 1.15% (11.5 mills) of assessed value.

B. Income Tax

The City levies a tax of 2.0% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City. However, the City allows a credit of a maximum of 50% of the first two percent of income tax paid to another municipality.

Employers within the City are required to withhold income tax on employees compensation and remit the tax either monthly or quarterly, as required, to the Regional Income Tax Agency, which serves as the City's agent for collection of their income tax. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. All income tax proceeds are received by the general fund.

C. TIF

On April 2, 2015, the City entered into an agreement with the Cleveland-Cuyahoga County Port Authority and the Legacy Village Hotel Land LLC (the “Developer”) whereby certain parcels of real property located in the City will have improvements made to them and be exempted from real property taxation for 30 years. As part of this agreement the City will pay its portion of the TIF receipts to the Cleveland-Cuyahoga County Port Authority as part of the debt service payments on bonds issued for the project. The City has also agreed to pay the South Euclid-Lyndhurst School District municipal income taxes received by the City and derived from the ongoing operations of the hotel and public improvements made to the parcels of land.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2024, consisted of taxes, special assessments, leases, settlements, payments in lieu of taxes, accounts receivable and intergovernmental receivables arising from shared revenues. All receivables are considered collectible in full.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 9 - TRANSFERS

The following is a summary of transfers in and out for all funds for 2024:

	<u>Transfers In:</u>
	Other Governmental
<u>Transfers Out:</u>	<u>Funds</u>
General Fund	<u><u>\$2,466,126</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 10 – CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets for the year ended December 31, 2024, follows:

Historical Cost:

Class	January 1, 2024	Additions	Deletions	December 31, 2024
<i>Capital assets not being depreciated:</i>				
Land	\$647,208	\$0	\$0	\$647,208
Construction in Progress	1,010,688	1,451,821	(1,073,210)	1,389,299
Subtotal	1,657,896	1,451,821	(1,073,210)	2,036,507
<i>Capital assets being depreciated:</i>				
Buildings	15,884,073	148,189	0	16,032,262
Improvements Other than Buildings	3,856,026	70,421	0	3,926,447
Machinery, Equipment, Furniture and Fixtures	15,390,436	1,498,252	(272,495)	16,616,193
Infrastructure	120,496,488	1,744,742	(1,073,963)	121,167,267
Subtotal	155,627,023	3,461,604	(1,346,458)	157,742,169
Total Cost	<u>\$157,284,919</u>	<u>\$4,913,425</u>	<u>(\$2,419,668)</u>	<u>\$159,778,676</u>

Accumulated Depreciation:

Class	January 1, 2024	Additions	Deletions	December 31, 2024
Buildings	(\$6,112,163)	(\$318,753)	\$0	(\$6,430,916)
Improvements Other than Buildings	(2,542,326)	(70,796)	0	(2,613,122)
Machinery, Equipment, Furniture and Fixtures	(9,804,193)	(911,448)	254,383	(10,461,258)
Infrastructure	(73,312,815)	(2,035,620)	1,061,282	(74,287,153)
Total Depreciation	<u>(\$91,771,497)</u>	<u>(\$3,336,617)</u> *	<u>\$1,315,665</u>	<u>(\$93,792,449)</u>
<i>Net Value:</i>	<u>\$65,513,422</u>			<u>\$65,986,227</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$471,954
Leisure Time Activities	170,482
Community Environment	113,804
Basic Utility Services	790,479
Transportation	1,680,393
General Government	109,505
Total Depreciation Expense	<u>\$3,336,617</u>

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. In October 2023, the legislature approved House Bill (HB) 33 which allows for the consolidation of the combined plan with the traditional plan with the timing of the consolidation at the discretion of OPERS. As of December 31, 2023, the consolidation has not been executed.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Traditional plan state and local 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 amount of a member's pension benefit vests at retirement. Law enforcement and public safety members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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.

When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost of living adjustment (COLA). This COLA is calculated on the member's original 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.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the 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 and will continue to be administered by OPERS), 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.

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

	<u>State and Local</u>
2024 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2024 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$707,952 for 2024.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2024 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25	12.25
2024 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,159,833 for 2024.

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

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,783,437	\$19,063,651	\$26,847,088
Proportion of the Net Pension Liability-2024	0.029730%	0.197318%	
Proportion of the Net Pension Liability-2023	0.030865%	0.208816%	
Percentage Change	<u>(0.001135%)</u>	<u>(0.011498%)</u>	
Pension Expense	\$798,505	\$1,658,465	\$2,456,970

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$0	\$1,204,802	\$1,204,802
Differences between expected and actual experience	127,215	612,000	739,215
Net difference between projected and actual earnings on pension plan investments	1,571,031	2,160,310	3,731,341
Change in proportionate share	0	83,345	83,345
City contributions subsequent to the measurement date	707,952	1,159,833	1,867,785
Total Deferred Outflows of Resources	<u>\$2,406,198</u>	<u>\$5,220,290</u>	<u>\$7,626,488</u>
Deferred Inflows of Resources			
Changes in assumptions	\$0	\$289,504	\$289,504
Differences between expected and actual experience	0	213,203	213,203
Change in proportionate share	134,180	980,260	1,114,440
Total Deferred Inflows of Resources	<u>\$134,180</u>	<u>\$1,482,967</u>	<u>\$1,617,147</u>

\$1,867,785 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	\$301,719	\$669,613	\$971,332
2026	483,507	804,101	1,287,608
2027	1,002,542	1,352,173	2,354,715
2028	(223,702)	(189,728)	(413,430)
2029	0	(61,259)	(61,259)
2030	0	2,590	2,590
Total	<u>\$1,564,066</u>	<u>\$2,577,490</u>	<u>\$4,141,556</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The total pension liability in the December 31, 2023, and December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>December 31, 2023</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	2.3 percent, simple through 2024, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age
	<u>December 31, 2022</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA (Pre 1/7/13 retirees)	3.0 percent simple
COLA or Ad Hoc COLA (Post 1/7/13 retirees)	3 percent simple through 2023. 2.05 percent simple, thereafter
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

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

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

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other investments	5.00	3.46
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent. The discount rate for the prior year was 6.9 percent. 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 statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	Current		
	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$12,253,220	\$7,783,437	\$4,065,875

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2023, compared with January 1, 2022, are presented below.

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple

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

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

Mortality for contingent annuitants is based on the Pub-2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP-2021 Improvement Scale.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.0x

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate For 2023, the total pension liability was calculated using the discount rate of 7.50 percent. The discount rate used for 2022 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$25,251,227	\$19,063,651	\$13,918,081

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

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

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021	January 1, 2015 through December 31, 2021
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2024.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare 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.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. 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 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.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2024, 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 City's contractually required contribution to OP&F was \$27,477 for 2024.

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2023, and was determined by rolling forward the total OPEB liability as of January 1, 2023, to December 31, 2023. 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:

	OPERS	OP&F	Total
Proportionate Share of the Net OPEB Liability (Asset)	(\$255,715)	\$1,440,680	\$1,184,965
Proportion of the Net OPEB Liability (Asset) -2024	0.028333%	0.197318%	
Proportion of the Net OPEB Liability (Asset) -2023	0.029354%	0.208816%	
Percentage Change	<u>(0.001021%)</u>	<u>(0.011498%)</u>	
OPEB Expense	(\$35,603)	\$94,232	\$58,629

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CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

At December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Changes in assumptions	\$65,834	\$495,754	\$561,588
Differences between expected and actual experience	0	69,279	69,279
Net difference between projected and actual earnings on OPEB plan investments	153,570	106,384	259,954
Change in proportionate share	0	61,714	61,714
City contributions subsequent to the measurement date	0	27,477	27,477
Total Deferred Outflows of Resources	<u>\$219,404</u>	<u>\$760,608</u>	<u>\$980,012</u>
Deferred Inflows of Resources			
Changes in assumptions	\$109,925	\$927,760	\$1,037,685
Differences between expected and actual experience	36,394	264,748	301,142
Change in proportionate share	0	163,459	163,459
Total Deferred Inflows of Resources	<u>\$146,319</u>	<u>\$1,355,967</u>	<u>\$1,502,286</u>

\$27,477 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2025	(\$6,486)	(\$4,423)	(\$10,909)
2026	11,888	(90,114)	(78,226)
2027	119,540	(59,610)	59,930
2028	(51,857)	(141,151)	(193,008)
2029	0	(145,774)	(145,774)
2030	0	(157,779)	(157,779)
2031	0	(23,940)	(23,940)
2032	0	(45)	(45)
Total	<u>\$73,085</u>	<u>(\$622,836)</u>	<u>(\$549,751)</u>

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023. 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	2.75 percent
Projected Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	5.70 percent
Prior measurement date	5.22 percent
Investment Rate of Return:	
Current measurement date	6.00 percent
Prior measurement date	6.00 percent
Municipal Bond Rate:	
Current measurement date	3.77 percent
Prior measurement date	4.05 percent
Health Care Cost Trend Rate:	
Current measurement date	5.5 percent initial, 3.5 percent ultimate in 2038
Prior measurement date	5.5 percent initial, 3.5 percent ultimate in 2036
Actuarial Cost Method	Individual Entry Age Normal

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

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board 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 benefits provided through the defined benefit 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average
		Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other investments	5.00	2.43
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent (Fidelity Index's "20-Year Municipal GO AA Index").

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, 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 The following table presents the City's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 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 (4.70 percent) or one-percentage-point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
City's proportionate share of the net OPEB liability (asset)	\$140,532	(\$255,715)	(\$583,943)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or 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 with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care 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	Assumption	1% Increase
City's proportionate share of the net OPEB liability (asset)	(\$266,330)	(\$255,715)	(\$243,664)

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2023, is based on the results of an actuarial valuation date of January 1, 2023, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

	January 1, 2023	January 1, 2022
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Investment Rate of Return	7.5 percent	7.5 percent
Projected Salary Increases	3.50 percent to 10.5 percent	3.25 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5	Inflation rate of 2.75 percent plus productivity increase rate of 0.5
Single discount rate	4.07 percent	4.27 percent
Cost of Living Adjustments	2.2 percent simple	2.2 percent simple
Projected Depletion Year of OPEB Assets	2038	2036

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

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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

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

Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2023, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.10 %
Non-US Equity	12.40	4.90
Private Markets	10.00	7.30
Core Fixed Income *	25.00	2.40
High Yield Fixed Income	7.00	4.10
Private Credit	5.00	6.80
U.S. Inflation Linked Bonds*	15.00	2.10
Midstream Energy Infrastructure	5.00	5.80
Real Assets	8.00	6.00
Gold	5.00	3.50
Private Real Estate	12.00	5.40
Commodities	2.00	3.50
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.0x

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 12 - DEFINED BENEFIT OPEB PLANS (Continued)

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

Discount Rate For 2023, the total OPEB liability was calculated using the discount rate of 4.07 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, the long-term assumed rate of return on investments of 7.5 percent was applied to periods before December 31, 2037, and the Municipal Bond Index Rate of 3.38 percent was applied to periods on and after December 31, 2037, resulting in a discount rate of 4.07 percent.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.07 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.07 percent), or one percentage point higher (5.07 percent) than the current rate.

	1% Decrease (3.07%)	Current Discount Rate (4.07%)	1% Increase (5.07%)
City's proportionate share of the net OPEB liability	\$1,774,518	\$1,440,680	\$1,159,523

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

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements **For the Year Ended December 31, 2024**

NOTE 13 – COMPENSATED ABSENCES

The costs of vacation and sick leave benefits are recorded as they are earned. Employees earn sick and vacation leave at varying rates based upon length of service. Upon retirement, and in certain instances, termination, an individual will be compensated for their accumulated sick leave at a maximum rate of 45% of the balance.

At December 31, 2024, the City's accumulated, unpaid compensated absences amounted to \$2,535,589, which is recorded as a liability of the Governmental Activities.

NOTE 14 - LONG-TERM DEBT

Changes in long-term obligations of the City for the year ended December 31, 2024, follows:

	Original Amount	Restated Balance December 31, 2023	Issued	(Retired)	Balance December 31, 2024	Due Within One Year
Governmental Activities:						
General Obligation Bond:						
2.000% Fire Station Improvement Bond	\$5,600,000	2033	\$3,415,000	\$0	(\$310,000)	\$3,105,000
Total General Obligation Bond						\$320,000
Long-Term Notes:						
4.500% Street Improvement	2023	1,100,000	0	(1,100,000)	0	0
5.000% Street Improvement	2024	0	1,000,000	0	1,000,000	1,000,000
Total Long-Term Notes		1,100,000	1,000,000	(1,100,000)	1,000,000	1,000,000
Net Pension Liability:						
Ohio Public Employees Retirement System		9,117,535	0	(1,334,098)	7,783,437	0
Ohio Police and Fire Pension Fund		19,835,485	0	(771,834)	19,063,651	0
Total Net Pension Liability		28,953,020	0	(2,105,932)	26,847,088	0
Net OPEB Liability:						
Ohio Public Employees Retirement System		185,081	0	(185,081)	0	0
Ohio Police and Fire Pension Fund		1,486,709	0	(46,029)	1,440,680	0
Total Net OPEB Liability		1,671,790	0	(231,110)	1,440,680	0
Compensated Absences		2,222,603	2,535,589	(2,222,603)	2,535,589	706,667
Leases Payable		27,694	0	(19,956)	7,738	3,549
Total Governmental Activities	<u><u>\$37,390,107</u></u>	<u><u>\$3,535,589</u></u>	<u><u>(\$5,989,601)</u></u>	<u><u>\$34,936,095</u></u>	<u><u>\$2,030,216</u></u>	

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2024, follows:

Years	General Obligation Bonds	
	Principal	Interest
2025	\$320,000	\$88,458
2026	325,000	79,626
2027	335,000	70,656
2028	345,000	61,410
2029	355,000	51,888
2030-2033	<u><u>1,425,000</u></u>	<u><u>106,950</u></u>
Totals	<u><u>\$3,105,000</u></u>	<u><u>\$458,988</u></u>

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 15 - 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; and natural disasters. During 2024, the City contracted with Jackson-Dieken & Associates insurance for various insurance coverages, as follows:

Insurance Provider	Coverage	Amount
Jackson-Dieken & Associates	Property	\$46,682,200
Jackson-Dieken & Associates	Inland Marine	\$5,082,023
Jackson-Dieken & Associates	Crime	\$500
Jackson-Dieken & Associates	Employee Benefits	\$1,000,000
Jackson-Dieken & Associates	General Liability	\$1,000,000
Jackson-Dieken & Associates	Public Officials	\$1,000,000
Jackson-Dieken & Associates	Employee Practices	\$1,000,000
Jackson-Dieken & Associates	Law Enforcement	\$1,000,000
Jackson-Dieken & Associates	Auto Liability	\$1,000,000
Jackson-Dieken & Associates	Auto Physical Damage	\$1,000 Comprehensive \$1,000 Collision
Jackson-Dieken & Associates	Fire Vehicles	\$2,500 Comprehensive \$2,500 Collision
Jackson-Dieken & Associates	Umbrella	\$0
Jackson-Dieken & Associates	Boiler	\$5,000
Jackson-Dieken & Associates	EDP	\$1,000
Jackson-Dieken & Associates	Cyber	\$25,000

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. There has been no significant reduction in insurance coverages from coverages in the prior year.

Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 16 – JOINT VENTURE

Community Partnership on Aging:

The Community Partnership on Aging (the “Agency”) was established as the Tri-City Consortium on Aging in 1978 as a cooperative agreement between the Cities of Lyndhurst, South Euclid and Highland Heights to meet the needs of older adults and their caregivers/families. Mayfield Heights became a member in 2011 shortly followed by Mayfield Village in 2012. The addition of the two communities necessitated a name change and in 2012 the agency’s name was formally changed to Community Partnership on Aging.

Funding is provided by the member cities; Title III of the Older Americans Act from the Ohio Department on Aging through the Western Reserve Area Agency on Aging; Cuyahoga County through the Health and Human Services Levy; program donations; and contributions of time and dollars.

The Agency Director reports to a Council of Government, which serves as the Board of Directors and is made up of the Mayor of each of the five cities, with the Lyndhurst Mayor serving as chair. Per Agency Bylaws, a set number of each City's Agency members serve on the Community Partnership on Aging Commission (“CPA Commission”), an advisory board that supports and guides the Community Partnership on Aging. Community Partnership on Aging is deemed to be a governmental instrumentality and is therefore recognized as a nonprofit organization. In addition, the CPA Commission has also filed for and obtained 501(c)(3) nonprofit status.

Continued existence of the organization is dependent on the City. However, the City of Lyndhurst has no explicit and measurable equity in the Agency. The Agency is not accumulating financial resources or experiencing fiscal stress, which would cause additional financial benefit or burden on the City. In 2024, the City contributed \$158,022. To obtain a copy of the Agency’s financial statements, write to the Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

Legacy Village Investors, LLC:

On April 2, 2015, the City entered into an agreement with the Cleveland-Cuyahoga County Port Authority and the Legacy Village Hotel Land LLC (the “Developer”) whereby certain parcels of real property located in the City will have improvements made to them and will be exempted from real property taxation for thirty years. The City is making service payments in lieu of ad valorem real property taxes by the owner of these parcels of land and has established a municipal public improvement tax increment equivalent fund into which such service payments are being deposited. During 2024, \$522,595 was deposited into the public improvement tax increment equivalent fund. Furthermore, the City has pledged Non-Tax Revenues to be paid on the associated debt should the Developer be unable to make the required payments when they come due.

CITY OF LYNDHURST, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2024

NOTE 17 – 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 natural gas. NOPEC is currently comprised of over 240 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The NOPEC Board of Directors is made up of one representative from each of the ten counties in the NOPEC service area. The representatives from each county elect one person to serve on the Board of Directors, each of whom serves without compensation. 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. The City of Lyndhurst did not contribute to NOPEC during 2024. Financial information can be obtained by contacting the Board Chairman at 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

NOTE 18 - CONTINGENCIES

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 on the financial condition of the City.

NOTE 19 – SUBSEQUENT EVENT

On March 18, 2025, the City issued \$1,100,000 in one year General Obligation Notes to pay for Street Improvements. The notes had an interest rate of 4.25%.

CITY OF LYNDHURST, OHIO

R_EQUIRED S_UPPLMENTARY I_NFORMATION

CITY OF LYNDHURST, OHIO

Schedule of City's Proportionate Share of the Net Pension Liability Last Ten Years

Ohio Public Employees Retirement System

Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.033346%	0.033187%	0.033756%	0.033206%
City's proportionate share of the net pension liability	\$4,021,900	\$5,748,460	\$7,665,345	\$5,209,311
City's covered payroll	\$4,098,583	\$4,171,958	\$4,363,608	\$4,409,700
City's proportionate share of the net pension liability as a percentage of its covered payroll	98.13%	137.79%	175.67%	118.13%
Plan fiduciary net position as a percentage of the total pension liability	86.45%	81.08%	77.25%	84.66%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
City's proportion of the net pension liability	0.2272463%	0.2254580%	0.2143650%	0.222243%
City's proportionate share of the net pension liability	\$11,772,306	\$14,503,904	\$13,577,643	\$13,640,060
City's covered payroll	\$4,670,958	\$4,814,365	\$4,479,248	\$5,115,291
City's proportionate share of the net pension liability as a percentage of its covered payroll	252.03%	301.26%	303.12%	266.65%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	66.77%	68.36%	70.91%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

The schedule is reported as of the measurement date of the Net Pension Liability.

See accompanying notes to required supplementary information

CITY OF LYNDHURST, OHIO

2019	2020	2021	2022	2023	2024
0.032997%	0.032207%	0.030547%	0.030887%	0.030865%	0.029730%
\$9,037,209	\$6,365,932	\$4,523,347	\$2,687,295	\$9,117,535	\$7,783,437
\$4,481,986	\$4,655,957	\$4,178,464	\$4,482,571	\$4,784,379	\$4,904,621
201.63%	136.73%	108.25%	59.95%	190.57%	158.70%
74.70%	82.17%	86.88%	92.62%	75.74%	79.01%
2019	2020	2021	2022	2023	2024
0.222074%	0.214577%	0.212792%	0.206971%	0.208816%	0.197318%
\$18,127,106	\$14,455,053	\$14,506,207	\$12,930,337	\$19,835,485	\$19,063,651
\$5,290,174	\$5,523,250	\$5,031,446	\$5,243,793	\$5,641,333	\$5,617,521
342.66%	261.71%	288.31%	246.58%	351.61%	339.36%
63.07%	69.89%	70.65%	75.03%	62.90%	63.63%

CITY OF LYNDHURST, OHIO

Schedule of City's Pension Contributions Last Ten Years

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$500,635	\$523,633	\$570,135	\$627,478
Contributions in relation to the contractually required contribution	<u>500,635</u>	<u>523,633</u>	<u>570,135</u>	<u>627,478</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$4,171,958	\$4,363,608	\$4,409,700	\$4,481,986
Contributions as a percentage of covered payroll	12.00%	12.00%	13.00%	14.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$967,206	\$899,881	\$1,027,662	\$1,062,796
Contributions in relation to the contractually required contribution	<u>967,206</u>	<u>899,881</u>	<u>1,027,662</u>	<u>1,062,796</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered payroll	\$4,814,365	\$4,479,248	\$5,115,291	\$5,290,174
Contributions as a percentage of covered payroll	20.09%	20.09%	20.09%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

See accompanying notes to required supplementary information

CITY OF LYNDHURST, OHIO

2019	2020	2021	2022	2023	2024
\$651,834	\$584,985	\$627,560	\$669,813	\$686,647	\$707,952
<u>651,834</u>	<u>584,985</u>	<u>627,560</u>	<u>669,813</u>	<u>686,647</u>	<u>707,952</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$4,655,957	\$4,178,464	\$4,482,571	\$4,784,379	\$4,904,621	\$5,056,800
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

2019	2020	2021	2022	2023	2024
\$1,109,621	\$1,071,698	\$1,116,928	\$1,201,604	\$1,196,532	\$1,159,833
<u>1,109,621</u>	<u>1,071,698</u>	<u>1,116,928</u>	<u>1,201,604</u>	<u>1,196,532</u>	<u>1,159,833</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$5,523,250	\$5,031,446	\$5,243,793	\$5,641,333	\$5,617,521	\$5,445,225
20.09%	21.30%	21.30%	21.30%	21.30%	21.30%

CITY OF LYNDHURST, OHIO

Schedule of City's Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability (Asset) Last Eight Years

Ohio Public Employees Retirement System

Year	2017	2018	2019
City's proportion of the net OPEB liability (asset)	0.031997%	0.031449%	0.031213%
City's proportionate share of the net OPEB liability (asset)	\$3,231,834	\$3,415,182	\$4,069,437
City's covered payroll	\$4,363,608	\$4,409,700	\$4,481,986
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	74.06%	77.45%	90.80%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	54.50%	54.14%	46.33%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2017	2018	2019
City's proportion of the net OPEB liability	0.214365%	0.222243%	0.222074%
City's proportionate share of the net OPEB liability	\$10,175,410	\$12,591,981	\$2,022,326
City's covered payroll	\$4,479,248	\$5,115,291	\$5,290,174
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	227.17%	246.16%	38.23%
Plan fiduciary net position as a percentage of the total OPEB liability	15.96%	14.13%	46.57%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability.

See accompanying notes to required supplementary information

CITY OF LYNDHURST, OHIO

2020	2021	2022	2023	2024
0.030507%	0.028942%	0.029197%	0.029354%	0.028333%
\$4,213,808	(\$515,626)	(\$914,496)	\$185,081	(\$255,715)
\$4,655,957	\$4,178,464	\$4,482,571	\$4,784,379	\$4,904,621
90.50%	(12.34%)	(20.40%)	3.87%	(5.21%)
47.80%	115.57%	128.23%	94.79%	107.76%
2020	2021	2022	2023	2024
0.214577%	0.212792%	0.206971%	0.208816%	0.197318%
\$2,119,534	\$2,254,564	\$2,268,578	\$1,486,709	\$1,440,680
\$5,523,250	\$5,031,446	\$5,243,793	\$5,641,333	\$5,617,521
38.37%	44.81%	43.26%	26.35%	25.65%
47.08%	45.42%	46.86%	52.59%	51.89%

CITY OF LYNDHURST, OHIO

Schedule of City's Other Postemployment Benefit (OPEB) Contributions Last Ten Years

Ohio Public Employees Retirement System

Year	2015	2016	2017	2018
Contractually required contribution	\$83,439	\$87,272	\$44,097	\$0
Contributions in relation to the contractually required contribution	<u>83,439</u>	<u>87,272</u>	<u>44,097</u>	<u>0</u>
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City's covered payroll	\$4,171,958	\$4,363,608	\$4,409,700	\$4,481,986
Contributions as a percentage of covered payroll	2.00%	2.00%	1.00%	0.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2015	2016	2017	2018
Contractually required contribution	\$24,072	\$22,396	\$24,357	\$25,218
Contributions in relation to the contractually required contribution	<u>24,072</u>	<u>22,396</u>	<u>24,357</u>	<u>25,218</u>
Contribution deficiency (excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
City's covered payroll	\$4,814,365	\$4,479,248	\$5,115,291	\$5,290,174
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 75 in 2018.

See accompanying notes to required supplementary information

CITY OF LYNDHURST, OHIO

2019	2020	2021	2022	2023	2024
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$4,655,957	\$4,178,464	\$4,482,571	\$4,784,379	\$4,904,621	\$5,056,800
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2019	2020	2021	2022	2023	2024
\$26,315	\$25,404	\$26,398	\$28,439	\$28,270	\$27,477
26,315	25,404	26,398	28,439	28,270	27,477
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,523,250	\$5,031,446	\$5,243,793	\$5,641,333	\$5,617,521	\$5,445,225
0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

CITY OF LYNDHURST, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET PENSION LIABILITY

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2017: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 3.00% to 1.4% for post 1/7/13 retirees.

2021: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 1.4% to 0.5% for post 1/7/13 retirees.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Change in COLA from 0.5% to 3.00% for post 1/7/13 retirees.
- Reduction in actuarial assumed rate of return from 7.20% to 6.90%.
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

2023-2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF LYNDHURST, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET PENSION LIABILITY (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms for the period 2015-2024.

Changes in assumptions:

2015-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2018: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from 3.75% to 3.25%
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006
- For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

2023: The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF LYNDHURST, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms for the periods 2018-2021, and 2023-2024.

2022: Group plans for non-Medicare retirees and re-employed retirees replaced with individual medical plans. OPERS will provide a subsidy or allowance via an HRA.

Changes in assumptions:

For 2018, the single discount rate changed from 4.23% to 3.85%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%
- Change in health care cost trend rate from 7.5% to 10%
- The Municipal Bond Rate changed from 3.31% to 3.71%

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10.0% to 10.5%
- The Municipal Bond Rate changed from 3.71% to 2.75%

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%
- The Municipal Bond Rate changed from 2.75% to 2.00%

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%
- The Municipal Bond Rate changed from 2.00% to 1.84%
- Pre-retirement mortality rates are based on Pub-2010 General Employee/Safety Employee mortality tables.
- Post-retirement mortality rates are based on PubG-2010 Retiree mortality tables.
- Post-retirement mortality rates for disabled retirees are based on PubNS-2010 Disabled Retiree mortality tables for all divisions.

CITY OF LYNDHURST, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 1.84% to 4.05%
- The single discount rate changed from 6.00% to 5.22%.

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The Municipal Bond Rate changed from 4.05% to 3.77%
- The single discount rate changed from 5.22% to 5.70%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

2018: There were no changes in benefit terms.

2019: The retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

2020 - 2024: There were no changes in benefit terms.

Changes in assumptions:

2018: The single discount rate changed from 3.79% to 3.24%.

2019: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.

2020: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.66% to 3.56%.

2021: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.56% to 2.96%.
- The payroll growth rate changed from 2.75% to 3.25%.

2022: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.96% to 2.84%.
- The investment rate of return changed from 8.0% to 7.5%.

CITY OF LYNDHURST, OHIO

Notes to the Required Supplementary Information For the Year Ended December 31, 2024

NET OPEB LIABILITY (ASSET) (Continued)

OHIO POLICE AND FIRE (OP&F) PENSION FUND (Continued)

2023: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 2.84% to 4.27%.
- Mortality for non-disabled participants is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table
- Mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table
- Mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table
- Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table

2024: The following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The single discount rate changed from 4.27% to 4.07%.

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

City of Lyndhurst
Cuyahoga County
5301 Mayfield Road
Lyndhurst, Ohio 44124

To the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Lyndhurst, Cuyahoga County, Ohio (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 7, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

City of Lyndhurst
Cuyahoga County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 7, 2025

OHIO AUDITOR OF STATE KEITH FABER



CITY OF LYNDHURST

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/2/2025

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

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