

***VILLAGE OF BOSTON HEIGHTS***

***SUMMIT COUNTY***

Regular Audit

For the Years Ended December 31, 2019 and 2018





OHIO AUDITOR OF STATE  
KEITH FABER



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

Members of Council  
Village of Boston Heights  
45 East Boston Mills Road  
Boston Heights, OH 44236

We have reviewed the *Independent Auditor's Report* of the Village of Boston Heights, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

October 19, 2020

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***Village of Boston Heights***  
*Summit County*  
 For the Years Ended December 31, 2019 and 2018

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**INDEPENDENT AUDITOR'S REPORT**

Village of Boston Heights  
Summit County  
45 E. Boston Mills Road  
Boston Heights, Ohio 44236

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Boston Heights, Summit County, (the Village) as of and for the years ended December 31, 2019 and 2018.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Boston Heights, Summit County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

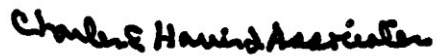
***Emphasis of Matter***

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
July 30, 2020

**Village of Boston Heights**  
**Summit County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 186,792	\$ 285,281	\$ -	\$ 24,857	\$ 496,930
Municipal Income Tax	2,525,063	-	165,000	-	2,690,063
Intergovernmental	71,378	1,738,956	-	2,498	1,812,832
Charges for Services	2,175	25,523	-	-	27,698
Fines, Licenses and Permits	203,967	6,518	-	-	210,485
Earnings on Investments	15,056	-	-	-	15,056
Miscellaneous	111,985	11,752	-	-	123,737
<i>Total Cash Receipts</i>	3,116,416	2,068,030	165,000	27,355	5,376,801
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,121,155	114,032	-	-	1,235,187
Public Health Services	32,503	-	-	-	32,503
Leisure Time Activities	-	42,222	-	-	42,222
Transportation	262,949	1,161,287	-	-	1,424,236
General Government	1,053,577	599,891	-	497	1,653,965
Capital Outlay	232,453	-	-	110,464	342,917
Debt Service:					
Principal Retirement	-	81,441	125,000	-	206,441
Interest and Fiscal Charges	-	-	111,669	-	111,669
<i>Total Cash Disbursements</i>	2,702,637	1,998,873	236,669	110,961	5,049,140
<i>Excess of Receipts Over (Under) Disbursements</i>	413,779	69,157	(71,669)	(83,606)	327,661
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	11,529	-	-	11,529
Transfers Out	(11,529)	-	-	-	(11,529)
<i>Total Other Financing Receipts (Disbursements)</i>	(11,529)	11,529	-	-	-
<i>Net Change in Fund Cash Balances</i>	402,250	80,686	(71,669)	(83,606)	327,661
<i>Fund Cash Balances, January 1</i>	2,758,173	890,409	41,006	136,820	3,826,408
<b>Fund Cash Balances, December 31</b>					
Restricted	-	971,095	-	53,214	1,024,309
Committed	60,000	-	-	-	60,000
Assigned	13,767	-	-	-	13,767
Unassigned	3,086,656	-	(30,663)	-	3,055,993
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,160,423</u>	<u>\$ 971,095</u>	<u>\$ (30,663)</u>	<u>\$ 53,214</u>	<u>\$ 4,154,069</u>

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

**Village of Boston Heights**  
**Summit County**  
*Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2019*

	Fiduciary Fund Types		Totals (Memorandum Only)
	Agency	Private Purpose Trust	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ -	\$ 100	\$ 100
Fines, Licenses and Permits	252,921	-	252,921
<i>Total Operating Cash Receipts</i>	252,921	100	253,021
<b>Operating Cash Disbursements</b>			
Distribution of Fines and Forfeitures	251,667		251,667
<i>Total Operating Cash Disbursements</i>	251,667	-	251,667
<i>Operating Income (Loss)</i>	1,254	100	1,354
<b>Non-Operating Receipts (Disbursements)</b>			
Other Financing Sources (Construction Bonding)	58,998	-	58,998
Other Financing Uses (Return of Construction Bonding)	(66,106)	-	(66,106)
<i>Total Non-Operating Receipts (Disbursements)</i>	(7,108)	-	(7,108)
<i>Net Change in Fund Cash Balances</i>	(5,854)	100	(5,754)
<i>Fund Cash Balances, January 1</i>	93,172	66,111	159,283
<i>Fund Cash Balances, December 31</i>	<u>\$ 87,318</u>	<u>\$ 66,211</u>	<u>\$ 153,529</u>

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Boston Heights, Summit County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, park operations, and police protection services. The Village contracts with the City of Cuyahoga Falls to provide dispatch services and with the Valley Fire District for fire protection and emergency medical services.

***Jointly Governed Organization***

The Village participates in the Regional Council of Governments (RCOG), a jointly governed organization. Note 12 to the financial statements provides additional information for this entity.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***T.I.F Settlement Fund*** The T.I.F settlement fund accounts for and reports the receipt of TIF funds restricted for the purposes outlined in the Village's TIF agreement.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Bond Retirement 2017 Fund** The bond retirement 2017 fund accounts for and reports the receipt of income tax monies to repay the General Obligation Bonds, Series 2017.

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

**Other Capital Projects Fund** This fund accounts for and reports the receipt of property tax monies and the notes issued by the Village for the reconstruction, repair and improvement of roads and water sewer lines.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of specific lots of the Village cemetery.

Agency funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency funds account for Refundable Performance Bond deposits for residential and commercial site improvements within the Village and Mayor's Court fine monies from traffic violations and other Mayor's Court activities.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

A summary of 2019 budgetary activity appears in Note 4.

**Deposits and Investments**

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

Investment in STAR Ohio is measured 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.

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

**Nonspendable** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Restricted** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

*Assigned* Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

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

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

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeding estimated resources in State Grant – OPWC – AC Road Fund by \$763,005 and Other Capital Project Fund by \$72,207 for the year ended December 31, 2019.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,512,665	\$ 3,116,416	\$ (396,249)
Special Revenue	1,260,665	2,079,559	818,894
Debt Service	275,000	165,000	(110,000)
Capital Projects	27,354	27,355	1
Private Purpose Trust	-	100	100

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 4 – Budgetary Activity (continued)**

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 5,630,000	\$ 2,727,933	\$ 2,902,067
Special Revenue	2,383,305	\$ 2,014,928	368,377
Debt Service	275,500	236,669	38,831
Capital Projects	184,500	110,961	73,539
Private Purpose Trust	-	-	-

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2019
Demand deposits	\$ 3,654,233
Total deposits	3,654,233
STAR Ohio	653,365
Total investments	653,365
Total deposits and investments	\$ 4,307,598

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS) a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.



**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Taxes**

***Property Taxes***

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

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

***Local Income Taxes***

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 – Risk Management**

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

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Risk Management (continued)**

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (latest information available).

	<u>2018</u>
Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Pension Fund***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2019, and OP&F contributed 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OPWC Loan: <i>Hines Hill Road</i>	\$ 245,744	0.00%
OPWC Loan: <i>Hines Hill Road Phase II</i>	172,226	0.00%
GO Various Purpose Bonds, Series 2017	3,590,000	3.63%
Total	\$ 4,007,970	

The Village financed a no interest loan through the Ohio Public Works Commission (OPWC) to complete the Hines Hill Road project. The loan matures in 2036. The Village intends to repay the loan from the Street Fund.

The Village financed a no interest loan through the Ohio Public Works Commission (OPWC) to complete the Hines Hill Road Phase II project. The loan matures in 2047. The Village intends to repay the loan from the Street Fund.

The Village issued General Obligation Various Purpose Bonds, Series 2017 in May 2017 for a total of \$3,835,000 with an interest rate of 3.625% which will mature in December 2042. The Village will repay these loans from the Bond Retirement 2017 fund with proceeds from municipal income taxes.

***Leases***

In 2016, the Village entered into a lease purchase agreement with US Bank for a 2015 Ford F750 in the amount of \$96,900 payable in 72 months computed on the basis of interest rate at the rate of 2.95%. The lease was paid in full in April 2019.

In 2018, the Village entered into a lease purchase agreement with Key Government Finance Inc. for a backhoe in the amount of \$84,223. The lease has an interest rate of 4.99%. The lease was paid in full in April 2019.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 10 – Debt (continued)**

***Amortization***

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

Year ending December 31:	OPWC- Hines Hill	OPWC- Hines Hill Phase II	GO Bonds, Series 2017
2020	\$ -	\$ -	\$ 243,819
2021	10,922	7,176	241,119
2022	10,922	7,176	233,419
2023	10,922	7,176	230,819
2024	10,922	7,176	238,219
2025-2029	54,610	35,880	1,167,269
2030-2034	54,610	35,880	1,153,750
2035-2039	54,610	35,880	1,037,700
2040-2044	38,226	35,882	536,431
Total	<u>\$ 245,744</u>	<u>\$ 172,226</u>	<u>\$ 5,082,545</u>

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

**Note 12 – Jointly Governed Organizations**

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing of facilities for their common benefit.

This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose.

The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for over 160 municipalities throughout the State of Ohio. Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA. The Council did not receive any funding from the Village during the current year.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 13 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Boston Heights**  
**Summit County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 217,290	\$ 304,398	\$ -	\$ 26,335	\$ 548,023
Municipal Income Tax	2,045,888	-	214,999	-	2,260,887
Intergovernmental	66,490	1,164,399	-	2,498	1,233,387
Charges for Services	2,202	22,430	-	-	24,632
Fines, Licenses and Permits	211,184	17,605	-	-	228,789
Earnings on Investments	12,347	-	-	-	12,347
Miscellaneous	158,892	3,744	-	11	162,647
<i>Total Cash Receipts</i>	2,714,293	1,512,576	214,999	28,844	4,470,712
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	972,294	137,536	-	-	1,109,830
Public Health Services	26,562	128	-	-	26,690
Leisure Time Activities	5,018	26,776	-	-	31,794
Community Environment	9,250	-	-	-	9,250
Basic Utility Services	-	248,683	-	-	248,683
Transportation	270,589	214,174	-	-	484,763
General Government	924,539	620,469	-	2,906	1,547,914
Capital Outlay	49,811	-	-	18,806	68,617
Debt Service:					
Principal Retirement	-	-	138,099	-	138,099
Interest and Fiscal Charges	-	-	113,719	-	113,719
<i>Total Cash Disbursements</i>	2,258,063	1,247,766	251,818	21,712	3,779,359
<i>Excess of Receipts Over (Under) Disbursements</i>	456,230	264,810	(36,819)	7,132	691,353
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	11,482	-	-	11,482
Transfers Out	(11,482)	-	-	-	(11,482)
<i>Total Other Financing Receipts (Disbursements)</i>	(11,482)	11,482	-	-	-
<i>Net Change in Fund Cash Balances</i>	444,748	276,292	(36,819)	7,132	691,353
<i>Fund Cash Balances, January 1</i>	2,313,425	614,117	77,825	129,688	3,135,055
<b>Fund Cash Balances, December 31</b>					
Restricted	-	890,409	-	136,820	1,027,229
Committed	15,000	-	41,006	-	56,006
Assigned	2,442,850	-	-	-	2,442,850
Unassigned	300,323	-	-	-	300,323
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,758,173</u>	<u>\$ 890,409</u>	<u>\$ 41,006</u>	<u>\$ 136,820</u>	<u>\$ 3,826,408</u>

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

**Village of Boston Heights**  
**Summit County**  
*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)*  
All Fiduciary Fund Types  
For the Year Ended December 31, 2018

	Fiduciary Fund Types		Totals (Memorandum Only)
	Agency	Private Purpose Trust	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ -	\$ 30	\$ 30
Fines, Licenses and Permits	271,123	-	271,123
<i>Total Operating Cash Receipts</i>	271,123	30	271,153
<b>Operating Cash Disbursements</b>			
Distribution of Fines and Forfeitures	274,327	-	274,327
<i>Total Operating Cash Disbursements</i>	274,327	-	274,327
<i>Operating Income (Loss)</i>	(3,204)	30	(3,174)
<b>Non-Operating Receipts (Disbursements)</b>			
Other Financing Sources	57,617	-	57,617
Other Financing Uses	(61,282)	-	(61,282)
<i>Total Non-Operating Receipts (Disbursements)</i>	(3,665)	-	(3,665)
<i>Net Change in Fund Cash Balances</i>	(6,869)	30	(6,839)
<i>Fund Cash Balances, January 1</i>	100,041	66,081	166,122
<i>Fund Cash Balances, December 31</i>	<u>\$ 93,172</u>	<u>\$ 66,111</u>	<u>\$ 159,283</u>

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Boston Heights, Summit County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general government, park operations, and police protection services. The Village contracts with the City of Cuyahoga Falls to provide dispatch services and with the Valley Fire District for fire protection and emergency medical services.

***Jointly Governed Organization***

The Village participates in the Regional Council of Governments (RCOG), a jointly governed organization. Note 12 to the financial statements provides additional information for this entity.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***T.I.F Settlement Fund*** The T.I.F settlement fund accounts for and reports the receipt of TIF funds restricted for the purposes outlined in the Village's TIF agreement.



**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

**Bond Retirement (Water) Fund** The bond retirement (water) fund accounts for and reports the receipt of property tax money to repay bonds for the water project.

**Bond Retirement 2017 Fund** The bond retirement 2017 fund accounts for and reports the receipt of income tax monies to repay the General Obligation Bonds, Series 2017.

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

**Other Capital Projects Fund** This fund accounts for and reports the receipt of property tax monies and the notes issued by the Village for the reconstruction, repair and improvement of roads and water sewer lines.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is for the benefit of specific lots of the Village cemetery.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Refundable Performance Bond deposits for residential and commercial site improvements within the Village and Mayor's Court fine monies from traffic violations and other Mayor's Court activities.

***Basis of Accounting***

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

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

***Budgetary Process***

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

***Deposits and Investments***

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

Investment in STAR Ohio is measured 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.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Restricted*** Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

**Note 3 – Compliance**

Contrary to Ohio law, appropriations exceeding estimated resources in State Grant – OPWC Funds by \$533,359, TIF Settlement Fund by \$754,513, and Cemetery Fund by \$17,950 for the year ended December 31, 2018.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,758,702	\$ 2,714,293	\$ (2,044,409)
Special Revenue	1,163,390	1,524,058	360,668
Debt Service	275,000	214,999	(60,001)
Capital Projects	26,150	28,844	2,694
Private Purpose Trust	30	30	-

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 2,915,000	\$ 2,327,128	\$ 587,872
Special Revenue	2,371,905	1,247,766	1,124,139
Debt Service	275,000	251,818	23,182
Capital Projects	154,715	21,712	133,003
Private Purpose Trust	-	-	-

**Note 5 – Deposits and Investments**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Demand deposits	\$ 3,347,290
Total deposits	3,347,290
STAR Ohio	638,401
Total investments	638,401
Total deposits and investments	\$ 3,985,691

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized through the Ohio Pooled Collateral System (OPCS) a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Deposits and Investments (continued)**

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**Note 6 – Taxes**

***Property Taxes***

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

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

***Local Income Taxes***

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 7 – Risk Management**

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

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 – Risk Management (continued)**

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (latest information available).

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members’ Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Pension Fund***

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

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 – Defined Benefit Pension Plans (continued)**

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018, and OP&F contributed 0.5% to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
OPWC Loan: <i>Hines Hill Road</i>	\$ 294,892	0.00%
OPWC Loan: <i>Hines Hill Road Phase II</i>	204,519	0.00%
GO Various Purpose Bonds, Series 2017	3,715,000	3.63%
Total	\$ 4,214,411	

The Village financed a no interest loan through the Ohio Public Works Commission (OPWC) to complete the Hines Hill Road project. The loan matures in 2036. The Village intends to repay the loan from the Street Fund.

The Village financed a no interest loan through the Ohio Public Works Commission (OPWC) to complete the Hines Hill Road Phase II project. The loan matures in 2047. The Village intends to repay the loan from the Street Fund.

The Village issued General Obligation Various Purpose Bonds, Series 2017 in May 2017 for a total of \$3,835,000 with an interest rate of 3.625% which will mature in December 2042. The Village will repay these loans from the Bond Retirement 2017 fund with proceeds from municipal income taxes.

***Leases***

In 2016, the Village entered into a lease purchase agreement with US Bank for a 2015 Ford F750 in the amount of \$96,900 payable in 72 months computed on the basis of interest rate at the rate of 2.95%. The Village paid \$17,882 on this lease in 2018 from the Road Levy Fund.

**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Debt (continued)**

In 2015, the Village entered into a lease purchase agreement with Huntington Bank for two 2016 Ford police cruisers in the amount of \$81,304 payable in 36 months computed on the basis of interest at the rate of 2.85%. This lease was paid in full in 2018.

In 2015, the Village entered into a lease purchase agreement with Huntington Bank for a Ford Truck, trailer and snow plow in the amount of \$86,456 payable in 60 months computed on the basis of interest at the rate of 3.18%. This lease was paid in full in 2018.

In 2018, the Village entered into a lease purchase agreement with Key Government Finance Inc. for a backhoe in the amount of \$84,223. The lease has a term of three years with an interest rate of 4.99%. The Village paid \$29,574 for this lease from the Street Fund in 2018.

***Amortization***

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

Year ending December 31:	OPWC- Hines Hill	OPWC- Hines Hill Phase II	GO Bonds, Series 2017
2019	\$ 10,922	\$ 7,176	\$ 236,319
2020	10,922	7,176	243,819
2021	10,922	7,176	241,119
2022	10,922	7,176	233,419
2023	10,922	7,176	230,819
2024-2028	54,610	35,880	1,176,394
2029-2033	54,610	35,880	1,148,813
2034-2038	54,610	35,880	1,092,988
2039-2043	54,610	35,880	715,175
2044-2048	21,842	25,119	-
Total	<u>\$ 294,892</u>	<u>\$ 204,519</u>	<u>\$ 4,603,690</u>

**Note 11 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.



**Village of Boston Heights**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 12 – Jointly Governed Organizations**

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing of facilities for their common benefit.

This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose.

The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for over 160 municipalities throughout the State of Ohio. Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA. The Council did not receive any funding from the Village during the current year.

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village of Boston Heights  
Summit County  
45 East Boston Mills Road  
Boston Heights, Ohio 44236

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Boston Heights, Summit County (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 30, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 in the Schedule of Findings to be a material weakness.

*Village of Boston Heights*

*Summit County*

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

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2019-002 and 2019-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 30, 2020.

### ***Entity's Responses to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

### ***Purpose of this Report***

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



***Charles E. Harris and Associates, Inc.***

July 30, 2020

***Village of Boston Heights***  
*Summit County*  
Schedule of Findings  
December 31, 2019 and 2018

<b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</b>
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**Finding Number: 2019-001 – Material Weakness**

**Audit Adjustments and Reclassifications**

During 2019 and 2018, errors were noted in the Village’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In both years, the receipt of Homestead and Rollback from the State of Ohio was incorrectly posted as a Property and Other Taxes revenue instead of Intergovernmental revenue.
- In both years, the Principal Retirement expense of Debt Service Fund was incorrectly posted as Interest and Fiscal Charges.
- In 2018, the Capital Outlay expense of Capital Projects fund was incorrectly posted as Interest and Fiscal Charges of Debt Service Fund.
- In 2019, the Principal Retirement expense of Special Revenue Fund was incorrectly posted as Security of Persons and Property disbursements of Special Revenue Fund, Transportation disbursements of Special Revenue Fund, and Other Financing Uses of the General Fund.
- In both years, the Other Financing Uses account of General Fund was incorrectly used to include operating disbursements, such as Income Tax Collection Fees, Fire Service Contract Payments, Police Dispatch Service Contract Payments, etc.
- In 2019, Debt Principal Retirement expenses was incorrectly put in General Fund as Other Financing Uses instead of TIF Settlement Fund as Principal Retirement.
- In both years, the subsequent year appropriations that exceed subsequent year estimated receipts were incorrectly reported as Unassigned Fund Balance instead of Assigned fund balance.
- In both years, the Reserve Account Fund whose revenue source was transfer from General Fund and for employee severance payment was incorrectly classified as Special Revenue instead of General Fund.
- In 2018, the Capital Projects fund was incorrectly used to account for contractors bonding deposits instead of Agency Fund.
- In both years, the Mayors Court activities were not properly accounted for using the Agency Fund.

Other immaterial posting errors were also noted and brought to the attention of management. The accompanying financial statements and the Village’s records have been adjusted to properly reflect these transactions.

*Village of Boston Heights*  
*Summit County*  
Schedule of Findings (continued)  
December 31, 2019 and 2018

<b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS (continued)</b>
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**Finding Number: 2019-001 – Material Weakness (continued)**

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board (GASB) Statement No. 54, Audit Bulletin 2011-004, the Village Officer’s Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

**Management’s Response:**

See Corrective Action Plan.

**Finding Number: 2019-002 - Non-compliance**

**Transfer of TIF Fund**

Ohio Rev. Code § 5705.05-.06, 5705.14, 5705.15, and 5705.16 state the requirements on the transfer of funds. No transfer can be made from one fund of a subdivision to any other fund except on certain circumstances allowed by Ohio Rev. Code § 5705(B), 5705.14(C), 5705.14(D) and 5705.14(E).

In 2018 and 2019, the Village transferred money out of its Tax Increment Financing (TIF) Fund to the General Fund. The purpose of the TIF fund is to subsidize companies by refunding or diverting a portion of their taxes to help finance development in an area on a project site. The Village’s TIF Fund was created to account for taxes collected for the construction of public improvements and to pay off debts incurred for these projects. It cannot be used of general operating expenses. By transferring the TIF funds to the General Fund it will run the risk of using the money for other purposes other than public improvements and debts payments. The transfer was reversed in the audited financial statements.

We recommend that the Village expend the TIF fund money out out of the TIF fund rather than transfer to the General Fund and continue to use for the designated purpose.

**Management’s Response:**

See Corrective Action Plan.

**Village of Boston Heights**  
*Summit County*  
 Schedule of Findings (continued)  
 December 31, 2019 and 2018

**Findings Related to the Financial Statements  
 Required to be Reported in Accordance with GAGAS (continued)**

**Finding Number: 2019-003 - Non-compliance**

**Appropriations Exceeded Estimated Resources**

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimates resources. We noted the following funds had appropriations exceeding estimated resources for each year.

	<u>Total Estimated Resources</u>	<u>Total Appropriations</u>	<u>Resources Less Appropriations</u>
<u>2018</u>			
Special Revenue:			
State Grant- OPWC	\$ 54,605	\$ 587,964	\$ (533,359)
TIF Settlement	-	754,513	(754,513)
Cemetery	7,267	25,217	(17,950)
<u>2019</u>			
Special Revenue:			
State Grant OPWC-AC Road	-	763,005	(763,005)
Capital Project:			
Other	112,293	184,500	(72,207)

We recommend that the Village monitor its budget and fund balance to prevent appropriations from exceeding it available estimated resources.

**Management's Response:**

See Corrective Action Plan.

***Village of Boston Heights***  
*Summit County*  
 Schedule of Prior Audit Findings (Prepared by Management)  
 December 31, 2019 and 2018

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Explanation</b>
2017-001	Material Weakness – Audit adjustments and Reclassification	Partially Corrected – See Finding 2019-001	The classification of accounts in Other Financing Sources, revenues from homestead and rollbacks, and revenues from performance bonds from contractors were repeated. The recording of General Obligation Bonds and miscellaneous revenues are no longer valid or corrected.
2017-002	Ohio Rev. Code § 5705.41(B) – Expenditures exceeded appropriations	Corrected	
2017-003	Ohio Rev. Code § 5705.41(D)	Corrected	

***Village of Boston Heights***  
*Summit County*  
 Corrective Action Plan  
 December 31, 2019 and 2018

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2019-001	<p>The Homestead and Rollback was corrected in 2019 and should be recorded correctly and this time.</p> <p>It appears that we are ending the bond issues and on the right path henceforth</p>	Immediately	Betty Klingerberg, Fiscal Officer
2019-002	I feel that the transfer from T.I.F. to general fund is a clean way of handling T.I.F. receipts and disbursements. I know that I am in the minority; therefore, I will post those monies that go to the general fund (Village's share) will go directly to the general fund before being receipted into the T.I.F. fund.	Immediately	Betty Klingerberg, Fiscal Officer
2019-003	Will monitor budget closely	Immediately	Betty Klingerberg, Fiscal Officer



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF BOSTON HEIGHTS**

**SUMMIT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/5/2020**

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

This report is a matter of public record and is available online at  
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