



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
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DECEMBER 31, 2023 AND 2022**

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## INDEPENDENT AUDITOR'S REPORT

Village of Cuyahoga Heights  
Cuyahoga County  
4863 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Village Council:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Cuyahoga Heights, Cuyahoga County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***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 Village, 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.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible 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 Village'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 Village'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 Village's ability to continue as a going concern for a reasonable period of time.

Village of Cuyahoga Heights  
Cuyahoga County  
Independent Auditor's Report  
Page 3

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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2025, on our consideration of the Village'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 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 21, 2025

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# Village of Cuyahoga Heights, Ohio

## Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)

### All Governmental Fund Types

For the Year Ended December 31, 2023

|   | General             | Special Revenue     | Debt Service     | Capital Projects    | Totals<br>(Memorandum Only) |
|---|---------------------|---------------------|------------------|---------------------|-----------------------------|
| <b>Cash receipts:</b>                                 |                     |                     |                  |                     |                             |
| Property and other local taxes                        | \$ 516,790          | \$ 81,556           | \$ -             | \$ -                | \$ 598,346                  |
| Municipal income tax                                  | 13,020,364          | -                   | 648,000          | 693,121             | 14,361,485                  |
| Intergovernmental                                     | 522,075             | 144,672             | -                | 270,000             | 936,747                     |
| Charges for services                                  | 125,554             | -                   | -                | -                   | 125,554                     |
| Fines, licenses, and permits                          | 132,687             | 26,805              | -                | -                   | 159,492                     |
| Earnings (loss) on investments                        | 345,029             | 77,831              | -                | 189,980             | 612,840                     |
| Miscellaneous   | 217,499             | 9,670               | -                | 300                 | 227,469                     |
| <b>Total cash receipts</b>                            | <b>14,879,998</b>   | <b>340,534</b>      | <b>648,000</b>   | <b>1,153,401</b>    | <b>17,021,933</b>           |
| <b>Cash disbursements:</b>                            |                     |                     |                  |                     |                             |
| Current:  |                     |                     |                  |                     |                             |
| Security of persons and property                      | 5,634,694           | 633,115             | -                | -                   | 6,267,809                   |
| Public health services                                | 10,921              | 289,919             | -                | -                   | 300,840                     |
| Leisure time activities                               | 383,783             | -                   | -                | -                   | 383,783                     |
| Community environment                                 | 119,500             | -                   | -                | -                   | 119,500                     |
| Basic utility services                                | 212,067             | -                   | -                | -                   | 212,067                     |
| Transportation  | 92,379              | 85,707              | -                | -                   | 178,086                     |
| General government                                    | 5,413,921           | 4,530               | -                | -                   | 5,418,451                   |
| Capital outlay  | 1,076,617           | 391,768             | -                | 469,669             | 1,938,054                   |
| Debt service:   |                     |                     |                  |                     |                             |
| Principal retirement                                  | 79,228              | -                   | 317,664          | -                   | 396,892                     |
| Interest and fiscal charges                           | -                   | -                   | 350,649          | -                   | 350,649                     |
| <b>Total cash disbursements</b>                       | <b>13,023,110</b>   | <b>1,405,039</b>    | <b>668,313</b>   | <b>469,669</b>      | <b>15,566,131</b>           |
| <b>Excess of receipts over (under) disbursements</b>  | <b>1,856,888</b>    | <b>(1,064,505)</b>  | <b>(20,313)</b>  | <b>683,732</b>      | <b>1,455,802</b>            |
| <b>Other financing receipts (disbursements):</b>      |                     |                     |                  |                     |                             |
| Sale of capital assets                                | 71,729              | -                   | -                | -                   | 71,729                      |
| Transfers in  | -                   | 1,598,103           | -                | -                   | 1,598,103                   |
| Transfers out   | (1,631,750)         | -                   | -                | -                   | (1,631,750)                 |
| <b>Total other financing receipts (disbursements)</b> | <b>(1,560,021)</b>  | <b>1,598,103</b>    | <b>-</b>         | <b>-</b>            | <b>38,082</b>               |
| <b>Net change in fund cash balances</b>               | <b>296,867</b>      | <b>533,598</b>      | <b>(20,313)</b>  | <b>683,732</b>      | <b>1,493,884</b>            |
| <b>Fund cash balances, January 1</b>                  | <b>8,162,351</b>    | <b>1,558,560</b>    | <b>106,632</b>   | <b>4,976,405</b>    | <b>14,803,948</b>           |
| <b>Fund cash balances, December 31</b>                | <b>\$ 8,459,218</b> | <b>\$ 2,092,158</b> | <b>\$ 86,319</b> | <b>\$ 5,660,137</b> | <b>\$ 16,297,832</b>        |

The accompanying notes are an integral part of these financial statements

## **Village of Cuyahoga Heights, Ohio**

### **Statement of Additions, Deductions, and Changes in Fund Balances**

**(Regulatory Cash Basis)**

**Fiduciary Fund Type**

**For the Year Ended December 31, 2023**

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|  | <u>Fiduciary</u><br><u>Fund Type</u> | <u>Custodial</u> |
|--|--------------------------------------|------------------|
| Additions:                                   |                                      |                  |
| Fines, licenses and permits for distribution | \$ 43,222                            |                  |
| Deposits received                            | 18,550                               |                  |
| Transfers in                                 | 40,000                               |                  |
| Total additions                              | <u>101,772</u>                       |                  |
| Deductions:                                  |                                      |                  |
| Distributions of deposits                    | 27,900                               |                  |
| Distributions to other governments           | <u>43,653</u>                        |                  |
| Total deductions                             | <u>71,553</u>                        |                  |
| Net change in fund cash balances             |                                      | 30,219           |
| Fund cash balances, January 1                |                                      | <u>20,103</u>    |
| Fund cash balances, December 31              | \$ <u>50,322</u>                     |                  |

The accompanying notes are an integral part of these financial statements

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2023**

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#### **Note 1: Reporting Entity**

The Village of Cuyahoga Heights, Cuyahoga 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 police and fire protection services, emergency medical services, street maintenance and repair, sanitation services, park and recreation operations, Mayor’s Court and general government services.

#### ***Jointly Governed Organizations, Public Entity Risk Pool and Related Organization***

The Village participates in jointly governed organizations, and a related organization. The jointly governed organizations are the Northeast Ohio Public Energy Council (NOPEC), the Regional Income Tax Agency (RITA), and the Chagrin Valley Dispatch Council (CVD), while the Cuyahoga Heights Community Improvement Corporation is a related organization. Note 11 and 13 to the financial statements provides additional information for these entities. The Village’s public entity risk pool is with the Ohio Plan Risk Management, Inc. (OPRM). 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 statement of additions, deductions, and changes in fund balances (regulatory cash basis) for its fiduciary fund type which are organized on a fund type basis.

##### ***Fund Accounting***

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

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

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

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2023

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### *Fund Accounting (continued)*

**Bacci Park Trail Fund** The Bacci Park Trail fund accounts for and reports the receipt of transfers from the general fund. These funds are being used to fund operations and improvements to Bacci Park.

**Firemans Pension Fund** The firemans pension fund accounts for and reports money from local taxes as well as transfers from the general fund and is restricted for the purpose of firemans pension.

**Debt Service Fund** This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**General Note Retirement Fund** The general note retirement fund accounts for and reports on the issuance and sale of general obligation bonds.

**Capital Project Fund** This fund accounts for and reports 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:

**Capital Projects** The capital projects fund accounts for and reports the receipt of transfers from the general fund. The proceeds are being used to fund various Village capital improvement projects.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for rental reimbursements, mayor's court receipts, and building standard fees.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions, and changes in fund balances (regulatory cash basis) fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

##### *Basis of Accounting*

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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).

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2023**

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***Basis of Accounting (continued)***

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

##### ***Budgetary Process***

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

***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 2023 budgetary activity appears in Note 3.

##### ***Deposits and Investments***

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

Money market mutual funds are recorded at share values the mutual funds report. 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. The Village values negotiable certificates of deposit at fair market 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.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***Subscription-Based Information Technology Arrangements (SBITAs)***

The Village has entered into a noncancelable Subscription-Based Information Technology Arrangement (SBITA) contract (as defined by GASB 96) for software related to project management. Subscription disbursements are recognized when they are paid.

##### ***Settlement Monies***

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$6,670 are reflected as miscellaneous revenue in the National Opioids Settlement Special Revenue Fund in the accompanying financial statements.

##### ***Fund Balance***

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

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

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

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

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

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2023

#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***Fund Balance (continued)***

The Village applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

#### **Note 3: Budgetary Activity**

Budgetary activity for the year ended December 31, 2023 follows:

| <u>Fund Type</u> | <u>2023 Budgeted vs. Actual Receipts</u> |                        |                 |
|------------------|--|------------------------|-----------------|
|                  | <u>Budgeted Receipts</u>                 | <u>Actual Receipts</u> | <u>Variance</u> |
| General          | \$ 14,387,105                            | \$ 14,951,727          | \$ 564,622      |
| Special Revenue  | 1,630,717                                | 1,938,637              | 307,920         |
| Debt Service     | 673,920                                  | 648,000                | (25,920)        |
| Capital Projects | 1,354,704                                | 1,153,401              | (201,303)       |
| Fiduciary        | 54,840                                   | 59,805                 | 4,965           |
| Total            | \$ 18,101,286                            | \$ 18,751,570          | \$ 650,284      |

| <u>Fund Type</u> | <u>2023 Budgeted vs. Budgetary Basis Expenditures</u> |                               |                 |
|------------------|---|-------------------------------|-----------------|
|                  | <u>Appropriation Authority</u>                        | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General          | \$ 20,331,466   | \$ 16,020,275                 | \$ 4,311,191    |
| Special Revenue  | 2,125,727   | 1,810,626                     | 315,101         |
| Debt Service     | 667,440   | 668,313                       | (873)           |
| Capital Projects | 5,658,324   | 2,405,840                     | 3,252,484       |
| Fiduciary        | 38,067  | 34,161                        | 3,906           |
| Total            | \$ 28,821,024   | \$ 20,939,215                 | \$ 7,881,809    |

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

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#### **Note 4: Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account which is not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

|  | <u>2023</u>          |
|--|----------------------|
| <b>Cash management pool:</b>                       |                      |
| Demand deposits                                    | \$ <u>1,614,258</u>  |
| Total deposits                                     | <u>1,614,258</u>     |
| STAR Ohio  | 12,883,603           |
| Money market                                       | 434,235              |
| Certificates of deposit                            | <u>1,416,058</u>     |
| Total investments                                  | <u>14,733,896</u>    |
| Total deposits and investments                     | <u>\$ 16,348,154</u> |
| <b>Segregated accounts – not held in the pool:</b> |                      |
| Payroll account                                    | <u>\$ 39,920</u>     |

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll.

#### ***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.

At December 31, 2023, \$365,433 of deposits, including segregated accounts, were not insured or collateralized. One of the Village's financial institution participates in OPCS and was approved for a reduced collateral floor of 60% resulting in the uninsured and uncollateralized balance.

#### ***Investments***

Investments in STAR Ohio, mutual funds and certificates of deposit are not evidenced by securities that exist in physical or book-entry form.

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2023**

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#### **Note 5: Taxes**

##### ***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

##### ***Local Income Tax***

The Village levies a municipal income tax of 2.5% 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. In the latter case, the Village allows a credit of 100% of the tax paid to another municipality up to a maximum of 2.5% of the taxes paid.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority either monthly or quarterly, as required. RITA collects all Village income taxes and forwards these collections to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

#### **Note 6: Risk Management**

##### ***Workers' Compensation***

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

##### ***Public Entity Risk Pool - Ohio Plan Risk Management***

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 coverage to its members sold through 14 appointed independent agents in the State of Ohio.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

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#### **Note 6: Risk Management (continued)**

##### ***Public Entity Risk Pool - Ohio Plan Risk Management (continued)***

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remained unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

|                 | <u>2022</u>         |
|-----------------|---------------------|
| Assets          | \$ 21,662,291       |
| Liabilities     | <u>(18,158,351)</u> |
| Members' Equity | <u>\$ 3,503,940</u> |

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

#### **Note 7: 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, 2023.

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

The Village's fire fighters and 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 police members' wages and 24.0% of fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2023.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

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#### **Note 7: Defined Benefit Pension Plans (continued)**

##### ***Social Security***

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

#### **Note 8: Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. 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. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0.0% for members in the traditional pension plan and 2.0% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits.

#### **Note 9: Debt**

Debt outstanding at December 31, 2023 was as follows:

|  | <u>Principal</u>           | <u>Interest Rate</u> |
|--|----------------------------|----------------------|
| OPWC # CA08P Harvard Ave Repair*             | \$ 168,200                 | 0.0%                 |
| OPWC # CT05V Canal Road Reconstruction*      | 647,500                    | 0.0%                 |
| OPWC # CT06T Nicky Blvd/Slope Stabilization* | 456,120                    | 0.0%                 |
| Property purchase agreements*                | 256,914                    | 0.0%                 |
| Various Purpose Bonds Series 2019            | <u>8,025,000</u>           | 3.0% – 5.0%          |
| <b>Total</b>                                 | <b><u>\$ 9,553,734</u></b> |                      |

\*Long-term obligation is a direct placement.

In 2017, the Village received a loan from OPWC for the amount of \$232,000 at 0% interest for the purpose of the Harvard Avenue Repair and Resurfacing project. Repayment of the loan commenced in January 2019 and will be paid back in full by January 2038.

In 2019, the Village received a loan from OPWC for the amount of \$700,000 at 0% interest for the purpose of the Canal Road Pavement Reconstruction project. Repayment of the loan commenced in July 2022 and will be paid back in full by January 2042.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

#### **Note 9: Debt (continued)**

In 2019, the Village received a loan from OPWC for the amount of \$521,280 at 0% interest for the purpose of the Nicky Boulevard Storm Sewer Extension & Slope Stabilization project. Repayment of the loan commenced in July 2021 and will be paid back in full by January 2041.

The Village has pledged future receipts to repay the Ohio Public Works Commission (OPWC) loans in the Village governmental funds.

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

In 2020, the Village entered into a \$134,600 purchase agreement for real property located at 5047 East 71<sup>st</sup> Street at 0% interest. Payment commenced in July 2021 and will be paid in full by July 2027.

In 2022, the Village entered into a \$300,000 purchase agreement for real property located at 7133 Marcelline Court and 7137 Marcelline Court at 0% interest. Payment commenced in July 2022 and will be paid in full by July 2026.

In 2019, the Village issued bonds in the amount of \$9,585,000, with interest rates ranging from 3% to 5%, to pay the costs of constructing, renovating and furnishing various municipal facilities, and constructing and reconstructing various road and sidewalk improvements as well as to retire bond anticipation notes issued during 2019. The bond is collateralized by municipal income tax revenue.

#### **Amortization**

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

| Year ending December 31 | Total Property Purchases* | Total OPWC*  | Various Purpose Bond |
|-------------------------|---------------------------|--------------|----------------------|
| 2024                    | \$ 79,229                 | \$ 72,664    | \$ 590,850           |
| 2025                    | 79,228                    | 72,664       | 590,850              |
| 2026                    | 79,229                    | 72,664       | 590,450              |
| 2027                    | 19,228                    | 72,664       | 594,650              |
| 2028                    | -                         | 72,664       | 593,250              |
| 2029-2033               | -                         | 363,320      | 2,967,850            |
| 2034-2038               | -                         | 357,520      | 2,961,157            |
| 2039-2043               | -                         | 187,660      | 2,959,000            |
| 2044                    | -                         | -            | 593,250              |
| Total                   | \$ 256,914                | \$ 1,271,820 | \$ 12,441,307        |

\*Long-term obligation is a direct placement.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2023**

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#### **Note 9: Debt (continued)**

##### ***Financed Purchases***

The Village entered into financed purchases agreements for police cruisers, pickup trucks, and a garbage truck where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$150,043 to pay these costs for the fiscal year ended December 31, 2023.

The following is a schedule of the future minimum payments, including interest, required under the financed purchases:

| Year  | Leases         |
|-------|----------------|
| 2024  | \$ 150,043     |
| 2025  | 150,042        |
| 2026  | 58,558         |
| 2027  | 46,553         |
| Total | <u>405,196</u> |

#### **Note 10: Contingent Liabilities**

The Village is at times party to legal proceedings. 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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

#### **Note 11: Jointly Governed Organizations**

##### ***Northeast Ohio Public Energy Council***

The Village is a member of the Northeast Ohio Public Energy Council. NOPEC is a regional council of governments formed under Chapter 167 of the ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of members in over 240 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2023**

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#### **Note 11: Jointly Governed Organizations (continued)**

##### *Northeast Ohio Public Energy Council (continued)*

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the 18-member NOPEC Board of Directors. 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 Village did not contribute to NOPEC during 2023. Financial information can be obtained by contacting NOPEC, 31360 Solon Road #33, Solon, Ohio 44139.

##### *Regional Income Tax Agency*

The Regional Income Tax Agency is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection of income taxes on behalf of each member. RITA currently has approximately 374 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member Board of Trustees (the “Board”) elected by the members of the council of governments. The Board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council.

##### *Chagrin Valley Dispatch Council*

The Village is a member of the Chagrin Valley Dispatch Council (CVD). CVD is a regional council of governments formed under Chapter 167 of the ORC. It was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (RCC). Participation in CVD was initially limited to political subdivisions located within the Chagrin Valley that are currently receiving public dispatch services from the Village. It is currently comprised of 26 communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2023, the Village contributed \$249,664 to the CVD.

#### **Note 12: Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2023

#### **Note 12: Fund Balances (continued)**

At year-end the balances of these amounts were as follows:

| Fund Balances            | General             | Special Revenue     | Debt Services    | Capital Projects    | Total                |
|--------------------------|---------------------|---------------------|------------------|---------------------|----------------------|
| Nonspendable             | \$ 13,397           | \$ -                | \$ -             | \$ -                | \$ 13,397            |
| Restricted               | -                   | 1,687,541           | 86,319           | 3,723,966           | 5,497,826            |
| Assigned:                |                     |                     |                  |                     |                      |
| Outstanding encumbrances | 1,365,415           | 404,617             | -                | 1,936,171           | 3,706,203            |
| Unassigned               | <u>7,080,406</u>    | <u>-</u>            | <u>-</u>         | <u>-</u>            | <u>7,080,406</u>     |
| Total                    | <u>\$ 8,459,218</u> | <u>\$ 2,092,158</u> | <u>\$ 86,319</u> | <u>\$ 5,660,137</u> | <u>\$ 16,297,832</u> |

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

#### **Note 13: Related Organization**

In 1982, the Village formed the Cuyahoga Heights Community Improvement Corporation (the "Corporation") under Chapter 1724 of the Ohio Revised Code. The Corporation was formed and designated by the Village as its agent for industrial, commercial, distribution and research development in the Village, but was largely inactive until 2005. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency.

The Village made no transfers to the Corporation during 2023.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2023

#### **Note 14: Construction and Contractual Commitments**

The Village has the following outstanding contractual commitments for various construction projects at December 31, 2023:

| <u>Project</u>   | <u>Contract and Contingency</u> | <u>Amount Paid</u> | <u>Amount Remaining</u> |
|--|---------------------------------|--------------------|-------------------------|
| Nicky Blvd. Phase I                                    | \$ 4,253,275                    | \$ 3,074,237       | \$ 1,179,038            |
| Nicky Blvd. Phase II                                   | 767,433                         | 683,718            | 83,715                  |
| East 71 <sup>st</sup> Street Stabilization             | 135,000                         | 102,233            | 32,767                  |
| East 71 <sup>st</sup> / Grant Ave Street Stabilization | 397,778                         | 322,019            | 75,759                  |
| Willowbrook Connector Trail and Hill Stabilization     | 730,345                         | 463,912            | 266,433                 |
| Pickleball Courts                                      | 83,500                          | -                  | 83,500                  |

#### **Note 15: COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

#### **Note 16: Change in Accounting Principle**

##### Newly Adopted Accounting Pronouncements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. This statement clarifies the accounting and financial reporting surrounding public-private and public-public partnerships and availability payment arrangements. The effective date of this standard to reporting periods beginning after June 15, 2022. There was no impact on the Village's financial statements and disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The effective date of this standard to reporting periods beginning after June 15, 2022. There was no impact on the Village's financial statements and disclosures.

# Village of Cuyahoga Heights, Ohio

## Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)

### All Governmental Fund Types

For the Year Ended December 31, 2022

|  | General             | Special Revenue     | Debt Service      | Capital Projects    | Totals<br>(Memorandum Only) |
|--|---------------------|---------------------|-------------------|---------------------|-----------------------------|
| Cash receipts:                                 |                     |                     |                   |                     |                             |
| Property and other local taxes                 | \$ 506,952          | \$ 79,338           | \$ -              | \$ -                | \$ 586,290                  |
| Municipal income tax                           | 15,278,658          | -                   | 648,000           | 819,320             | 16,745,978                  |
| Intergovernmental                              | 49,600              | 189,302             | -                 | 381,599             | 620,501                     |
| Charges for services                           | 115,677             | -                   | -                 | -                   | 115,677                     |
| Fines, licenses, and permits                   | 99,812              | 2,045               | -                 | -                   | 101,857                     |
| Earnings (loss) on investments                 | 22,391              | 5,052               | -                 | 12,329              | 39,772                      |
| Miscellaneous                                  | 126,174             | 105                 | -                 | -                   | 126,279                     |
| Total cash receipts                            | <u>16,199,264</u>   | <u>275,842</u>      | <u>648,000</u>    | <u>1,213,248</u>    | <u>18,336,354</u>           |
| Cash disbursements:                            |                     |                     |                   |                     |                             |
| Current:                                       |                     |                     |                   |                     |                             |
| Security of persons and property               | 5,015,254           | 584,873             | -                 | -                   | 5,600,127                   |
| Public health services                         | 11,792              | 161,574             | -                 | -                   | 173,366                     |
| Leisure time activities                        | 409,117             | -                   | -                 | -                   | 409,117                     |
| Community environment                          | 130,178             | -                   | -                 | -                   | 130,178                     |
| Basic utility services                         | 233,082             | -                   | -                 | -                   | 233,082                     |
| Transportation                                 | 68,049              | 89,931              | -                 | -                   | 157,980                     |
| General government                             | 3,855,329           | 301                 | -                 | -                   | 3,855,630                   |
| Capital outlay                                 | 347,288             | 110,036             | -                 | 1,919,802           | 2,377,126                   |
| Debt service:                                  |                     |                     |                   |                     |                             |
| Principal retirement                           | 79,229              | -                   | 271,332           | -                   | 350,561                     |
| Interest and fiscal charges                    | -                   | -                   | 360,050           | -                   | 360,050                     |
| Total cash disbursements                       | <u>10,149,318</u>   | <u>946,715</u>      | <u>631,382</u>    | <u>1,919,802</u>    | <u>13,647,217</u>           |
| Excess of receipts over (under) disbursements  | 6,049,946           | (670,873)           | 16,618            | (706,554)           | 4,689,137                   |
| Other financing receipts (disbursements):      |                     |                     |                   |                     |                             |
| Sale of capital assets                         | 5,331               | -                   | -                 | -                   | 5,331                       |
| Transfers in                                   | -                   | 1,001,000           | -                 | 1,000,000           | 2,001,000                   |
| Transfers out                                  | (2,001,000)         | -                   | -                 | -                   | (2,001,000)                 |
| Total other financing receipts (disbursements) | <u>(1,995,669)</u>  | <u>1,001,000</u>    | <u>-</u>          | <u>1,000,000</u>    | <u>5,331</u>                |
| Net change in fund cash balances               | 4,054,277           | 330,127             | 16,618            | 293,446             | 4,694,468                   |
| Fund cash balances, January 1                  | <u>4,108,074</u>    | <u>1,228,433</u>    | <u>90,014</u>     | <u>4,682,959</u>    | <u>10,109,480</u>           |
| Fund cash balances, December 31                | <u>\$ 8,162,351</u> | <u>\$ 1,558,560</u> | <u>\$ 106,632</u> | <u>\$ 4,976,405</u> | <u>\$ 14,803,948</u>        |

The accompanying notes are an integral part of these financial statements

## **Village of Cuyahoga Heights, Ohio**

### **Statement of Additions, Deductions, and Changes in Fund Balances**

**(Regulatory Cash Basis)**

**Fiduciary Fund Type**

**For the Year Ended December 31, 2022**

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|  | <u>Fiduciary<br/>Fund Type</u> | <u>Custodial</u> |
|--|--------------------------------|------------------|
| <b>Additions:</b>                            |                                |                  |
| Fines, licenses and permits for distribution | \$ 28,701                      |                  |
| Deposits received                            | 13,650                         |                  |
| Total additions                              | <u>42,351</u>                  |                  |
| <b>Deductions:</b>                           |                                |                  |
| Distributions of deposits                    | 17,600                         |                  |
| Distributions to other governments           | <u>25,680</u>                  |                  |
| Total deductions                             | <u>43,280</u>                  |                  |
| Net change in fund cash balances             |                                | (929)            |
| Fund cash balances, January 1                |                                | <u>21,032</u>    |
| Fund cash balances, December 31              | \$                             | <u>20,103</u>    |

The accompanying notes are an integral part of these financial statements

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

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#### **Note 1: Reporting Entity**

The Village of Cuyahoga Heights, Cuyahoga 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 police and fire protection services, emergency medical services, street maintenance and repair, sanitation services, park and recreation operations, Mayor’s Court and general government services.

#### ***Jointly Governed Organization, Public Entity Risk Pool and Related Organization***

The Village participates in jointly governed organizations, and a related organization. The jointly governed organizations are the Northeast Ohio Public Energy Council (NOPEC), the Regional Income Tax Agency (RITA), and the Chagrin Valley Dispatch Council (CVD), while the Cuyahoga Heights Community Improvement Corporation is a related organization. Note 11 and 13 to the financial statements provides additional information for these entities. The Village’s public entity risk pools are with the Ohio Plan Risk Management, Inc. (OPRM) and the Ohio Municipal League Group Rating Plan (GRP). Note 6 to the financial statements provides additional information for these entities.

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 statement of additions, deductions, and changes in fund balances (regulatory cash basis) for its fiduciary fund type which are organized on a fund type basis.

##### ***Fund Accounting***

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

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

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

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### *Fund Accounting (continued)*

**Police Pension Fund** The police pension fund accounts for and reports money from local taxes as well as transfers from the general fund and is restricted for the purpose of police pension.

**Firemans Pension Fund** The firemans pension fund accounts for and reports money from local taxes as well as transfers from the general fund and is restricted for the purpose of firemans pension.

**Debt Service Fund** This fund accounts for and reports financial resources that are restricted to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

**General Note Retirement Fund** The general note retirement fund accounts for and reports on the issuance and sale of general obligation bonds.

**Capital Project Funds** This fund accounts for and reports 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:

**Capital Projects** The capital projects fund accounts for and reports the receipt of transfers from the general fund. The proceeds are being used to fund various Village capital improvement projects.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial funds account for rental reimbursements, mayor's court receipts, and building standard fees.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions, and changes in fund balances (regulatory cash basis) fiduciary fund type. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

##### *Basis of Accounting*

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. 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).

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2022**

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### *Basis of Accounting (continued)*

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

##### ***Budgetary Process***

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

***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 2022 budgetary activity appears in Note 3.

##### ***Deposits and Investments***

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

Money market mutual funds are recorded at share values the mutual funds report. 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. The Village values negotiable certificates of deposit at fair market 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.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

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#### **Note 2: Summary of Significant Accounting Policies (continued)**

##### ***Fund Balance***

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

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

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

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

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

The Village applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

#### Note 3: Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

| <u>2022 Budgeted vs. Actual Receipts</u> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <u>Fund Type</u>                         | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General                                  | \$ 15,589,940            | \$ 16,204,595          | \$ 614,655      |
| Special Revenue                          | 1,431,613                | 1,276,842              | (154,771)       |
| Debt Service                             | 648,000                  | 648,000                | -               |
| Capital Projects                         | 1,398,600                | 2,213,248              | 814,648         |
| Fiduciary                                | 41,500                   | 14,452                 | (27,048)        |
| Total                                    | \$ 19,109,653            | \$ 20,357,137          | \$ 1,247,484    |

  

| <u>2022 Budgeted vs. Budgetary Basis Expenditures</u> |                                |                               |                 |
|---|--------------------------------|-------------------------------|-----------------|
| <u>Fund Type</u>                                      | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General   | \$ 16,333,844                  | \$ 13,111,602                 | \$ 3,222,242    |
| Special Revenue                                       | 1,782,344                      | 1,193,391                     | 588,953         |
| Debt Service  | 648,000                        | 631,382                       | 16,618          |
| Capital Projects                                      | 4,025,726                      | 3,443,126                     | 582,600         |
| Fiduciary   | 44,255                         | 21,498                        | 22,757          |
| Total   | \$ 22,834,169                  | \$ 18,400,999                 | \$ 4,433,170    |

#### Note 4: Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has a segregated account which is not part of this pool. A summary of the Village's deposit and investment accounts are as follows:

|  | <u>2022</u>   |
|--|---------------|
| <b>Cash management pool:</b>                       |               |
| Demand deposits                                    | \$ 4,143,023  |
| Total deposits                                     | \$ 4,143,023  |
| STAR Ohio  | 8,906,921     |
| Money market                                       | 158,004       |
| Certificates of deposit                            | 1,616,103     |
| Total investments                                  | 10,681,028    |
| Total deposits and investments                     | \$ 14,824,051 |
| <b>Segregated accounts – not held in the pool:</b> |               |
| Payroll account                                    | \$ 1,300      |

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2022**

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#### **Note 4: Deposits and Investments (continued)**

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll.

##### ***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.

At December 31, 2022, \$1,581,563 of deposits, including segregated accounts, were not insured or collateralized. One of the Village's financial institution participates in OPCS and was approved for a reduced collateral floor of 50% resulting in the uninsured and uncollateralized balance.

##### ***Investments***

Investments in STAR Ohio, mutual funds and certificates of deposit are not evidenced by securities that exist in physical or book-entry form.

#### **Note 5: Taxes**

##### ***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

##### ***Local Income Tax***

The Village levies a municipal income tax of 2.5% 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. In the latter case, the Village allows a credit of 100% of the tax paid to another municipality up to a maximum of 2.5% of the taxes paid.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2022**

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#### **Note 5: Taxes (continued)**

##### ***Local Income Tax (continued)***

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority either monthly or quarterly, as required. RITA collects all Village income taxes and forwards these collections to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

#### **Note 6: Public Entity Risk Pools**

##### ***Ohio Municipal League Group Rating Plan***

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating entities is calculated as one experience and a common premium is applied to all entities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for all entities in the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

##### ***Ohio Plan Risk Management***

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 coverage to its members sold through 14 appointed independent agents in the State of Ohio.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2022**

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#### **Note 6: Public Entity Risk Pools (continued)**

##### ***Ohio Plan Risk Management (continued)***

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

|                 | <u>2021</u>         |
|-----------------|---------------------|
| Assets          | \$ 21,777,439       |
| Liabilities     | <u>(15,037,383)</u> |
| Members' Equity | <u>\$ 6,740,056</u> |

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

#### **Note 7: 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, 2022.

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

The Village's fire fighters and 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% percent of police members' wages and 24% of fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2022.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

#### **Note 7: Defined Benefit Pension Plans (continued)**

##### *Social Security*

Some Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

#### **Note 8: Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of the employer's contribution allocated to health care was 0% for 2022 for the traditional plan. For the combined plan, the portion of the employer contributions allocated to healthcare was 0% from January 1, 2022 to June 30, 2022 and 2% from July 1, 2022 to December 31, 2022. The portion of employer contributions allocated to health care for OPERS members in the member directed plan was 4.0% during calendar year 2022. OP&F contributes 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.

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

#### **Note 9: Debt**

Debt outstanding at December 31, 2022 was as follows:

|  | <u>Principal</u>           | <u>Interest Rate</u> |
|--|----------------------------|----------------------|
| OPWC # CA08P Harvard Ave Repair*             | \$ 179,800                 | 0.0%                 |
| OPWC # CT05V Canal Road Reconstruction*      | 682,500                    | 0.0%                 |
| OPWC # CT06T Nicky Blvd/Slope Stabilization* | 482,184                    | 0.0%                 |
| Property purchase agreements*                | 336,142                    | 0.0%                 |
| Various Purpose Bonds Series 2019            | <u>8,270,000</u>           | 3.0% – 5.0%          |
| <b>Total</b>                                 | <b><u>\$ 9,950,626</u></b> |                      |

\*Long-term obligation is a direct placement.

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2022**

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#### **Note 9: Debt (continued)**

In 2017, the Village received a loan from OPWC for the amount of \$232,000 at 0% interest for the purpose of the Harvard Avenue Repair and Resurfacing project. Repayment of the loan commenced in January 2019 and will be paid back in full by January 2038.

In 2019, the Village received a loan from OPWC for the amount of \$700,000 at 0% interest for the purpose of the Canal Road Pavement Reconstruction project. Repayment of the loan commenced in July 2022 and will be paid back in full by January 2042.

In 2019, the Village received a loan from OPWC for the amount of \$521,280 at 0% interest for the purpose of the Nicky Boulevard Storm Sewer Extension & Slope Stabilization project. Repayment of the loan commenced in July 2021 and will be paid back in full by January 2041.

The Village has pledged future receipts to repay the Ohio Public Works Commission (OPWC) loans in the Village governmental funds.

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

In 2020, the Village entered into a \$134,600 purchase agreement for real property located at 5047 East 71<sup>st</sup> Street at 0% interest. Payment commenced in July 2021 and will be paid in full by July 2027.

In 2022, the Village entered into a \$300,000 purchase agreement for real property located at 7133 Marcelline Court and 7137 Marcelline Court at 0% interest. Payment commenced in July 2022 and will be paid in full by July 2026.

In 2019, the Village issued bonds in the amount of \$9,585,000, with interest rates ranging from 3% to 5%, to pay the costs of constructing, renovating and furnishing various municipal facilities, and constructing and reconstructing various road and sidewalk improvements as well as to retire bond anticipation notes issued during 2019. The bond is collateralized by municipal income tax revenue.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

#### **Note 9: Debt (continued)**

##### **Amortization**

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

| Year ending December 31 | Total Property Purchases* | Total OPWC*         | Various Purpose Bond |
|-------------------------|---------------------------|---------------------|----------------------|
| 2023                    | \$ 79,228                 | \$ 72,664           | \$ 595,650           |
| 2024                    | 79,229                    | 72,664              | 590,850              |
| 2025                    | 79,228                    | 72,664              | 590,850              |
| 2026                    | 79,229                    | 72,664              | 590,450              |
| 2027                    | 19,228                    | 72,664              | 594,650              |
| 2028-2032               | -                         | 363,320             | 2,968,350            |
| 2033-2037               | -                         | 363,320             | 2,960,219            |
| 2038-2042               | -                         | 254,524             | 2,962,688            |
| 2043-2044               | -                         | -                   | 1,183,250            |
| Total                   | \$ <u>336,142</u>         | \$ <u>1,344,484</u> | \$ <u>13,036,957</u> |

\*Long-term obligation is a direct placement.

##### **Financed Purchases**

The Village entered into financed purchases agreements for police cruisers, pickup trucks, and a garbage truck where ownership of the underlying asset transfers to the Village by the end of the contract. The Village disbursed \$91,485 to pay these costs for the fiscal year ended December 31, 2022.

The following is a schedule of the future minimum payments, including interest, required under the financed purchases:

| Year  | Leases            |
|-------|-------------------|
| 2023  | \$ 150,043        |
| 2024  | 150,043           |
| 2025  | 150,042           |
| 2026  | 58,558            |
| 2027  | <u>46,553</u>     |
| Total | \$ <u>555,239</u> |

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2022**

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#### **Note 10: Contingent Liabilities**

The Village is at times party to legal proceedings. 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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

#### **Note 11: Jointly Governed Organizations**

##### *Northeast Ohio Public Energy Council*

The Village is a member of the Northeast Ohio Public Energy Council. NOPEC is a regional council of governments formed under Chapter 167 of the ORC. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of members in over 240 communities who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the 18-member NOPEC Board of Directors. 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 Village did not contribute to NOPEC during 2022. Financial information can be obtained by contacting NOPEC, 31360 Solon Road #33, Solon, Ohio 44139.

##### *Regional Income Tax Agency*

The Regional Income Tax Agency is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collection of income taxes on behalf of each member. RITA currently has approximately 374 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member Board of Trustees (the "Board") elected by the members of the council of governments. The Board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### **For the Year Ended December 31, 2022**

#### **Note 11: Jointly Governed Organizations (continued)**

##### *Chagrin Valley Dispatch Council*

The Village is a member of the Chagrin Valley Dispatch Council (CVD). CVD is a regional council of governments formed under Chapter 167 of the ORC. It was formed to promote cooperative arrangements and coordinate action among its members in matters relating to the dispatch of public safety services and the operation of the Chagrin Valley Regional Communications Center (RCC). Participation in CVD was initially limited to political subdivisions located within the Chagrin Valley that are currently receiving public dispatch services from the Village. It is currently comprised of 26 communities. It is authorized to perform all functions necessary to improve, maintain and operate the RCC including entering into contractual arrangements for necessary services; to employ staff; purchase, lease or otherwise provide for supplies, materials and equipment and facilities; accept and raise public and private funding; and any and all other powers and authorities available pursuant to Chapter 167 of the ORC. Participating political subdivisions appoint one representative to CVD. Each member of CVD is entitled to one vote on each item under consideration by the board. During 2022, the Village contributed \$240,568 to the CVD.

#### **Note 12: Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control.

At year-end the balances of these amounts were as follows:

| Fund Balances            | General             | Special Revenue     | Debt Services     | Capital Projects    | Total                |
|--------------------------|---------------------|---------------------|-------------------|---------------------|----------------------|
| Nonspendable             | \$ 13,397           | \$ -                | \$ -              | \$ -                | \$ 13,397            |
| Restricted               | -                   | 1,311,884           | 106,632           | 3,453,081           | 4,871,597            |
| Assigned:                |                     |                     |                   |                     |                      |
| Outstanding encumbrances | 961,284             | 246,676             | -                 | 1,523,324           | 2,731,284            |
| Unassigned               | <u>7,187,670</u>    | <u>-</u>            | <u>-</u>          | <u>-</u>            | <u>7,187,670</u>     |
| Total                    | <u>\$ 8,162,351</u> | <u>\$ 1,558,560</u> | <u>\$ 106,632</u> | <u>\$ 4,976,405</u> | <u>\$ 14,803,948</u> |

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

# **Village of Cuyahoga Heights, Ohio**

## **Notes To Financial Statements**

### **For the Year Ended December 31, 2022**

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#### **Note 13: Related Organization**

In 1982, the Village formed the Cuyahoga Heights Community Improvement Corporation (the “Corporation”) under Chapter 1724 of the Ohio Revised Code. The Corporation was formed and designated by the Village as its agent for industrial, commercial, distribution and research development in the Village, but was largely inactive until 2005. The primary funding for the Corporation is supplied by the Village, and in the event the Corporation ceases to operate, all remaining funds and assets are transferred to the Village. Additionally, no less than two-fifths of the governing board of the Corporation shall be comprised of appointed or elected officers of the Village or other political subdivision designating the Corporation as its agency.

The Village made no transfers to the Corporation during 2022.

#### **Note 14: Change in Accounting Principle**

##### *Newly Adopted Accounting Pronouncements*

GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB subsequently issued GASB Statement No. 95, which deferred the effective date of this standard to reporting periods beginning after June 15, 2021. There was no impact on the Village’s financial statements and disclosures.

##### *Newly Issued Accounting Pronouncements, Not Yet Adopted*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, was issued in March 2020. This statement clarifies the accounting and financial reporting surrounding public-private and public-public partnerships and availability payment arrangements. The effective date of this standard to reporting periods beginning after June 15, 2022. The Village has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was issued in May 2020. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The effective date of this standard to reporting periods beginning after June 15, 2022. The Village has not yet determined the impact that this GASB pronouncement will have on its financial statements and disclosures.

# Village of Cuyahoga Heights, Ohio

## Notes To Financial Statements

### For the Year Ended December 31, 2022

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#### **Note 15: Construction and Contractual Commitments**

The Village has the following outstanding contractual commitments for various construction projects at December 31, 2022:

| <u>Project</u>                             | <u>Contract and Contingency</u> | <u>Amount Paid</u> | <u>Amount Remaining</u> |
|--|---------------------------------|--------------------|-------------------------|
| Nicky Blvd. Phase I                        | \$ 4,165,075                    | \$ 2,899,215       | \$ 1,265,860            |
| Nicky Blvd. Phase II                       | 767,433                         | 683,718            | 83,715                  |
| East 71 <sup>st</sup> Street Stabilization | 228,236                         | 132,850            | 95,386                  |

#### **Note 16: COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

During 2022, the Village received \$32,046 as an on-behalf of grant from another government. These amounts are recorded in the American Rescue Plan Act Special Revenue Fund.

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65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Village of Cuyahoga Heights  
Cuyahoga County  
4863 East 71<sup>st</sup> Street  
Cuyahoga Heights, Ohio 44125

To the Village 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 cash balances, receipts, and disbursements for each governmental and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Cuyahoga Heights, Cuyahoga County, Ohio (the Village) and have issued our report thereon dated January 21, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

***Report on 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) 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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

Village of Cuyahoga Heights  
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 Village'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 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 21, 2025

# OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CUYAHOGA HEIGHTS

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 2/18/2025

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](http://www.ohioauditor.gov)