

***VILLAGE OF CUYAHOGA HEIGHTS***

**CUYAHOGA COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2013 and 2012**







# Dave Yost • Auditor of State

Village Council  
Village of Cuyahoga Heights  
4863 East 71st Street  
Cuyahoga Heights, OH 44123

We have reviewed the *Independent Auditors' Report* of the Village of Cuyahoga Heights, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 16, 2014

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VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY

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**INDEPENDENT AUDITORS' 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 Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Cuyahoga Heights, Cuyahoga County, (the Village) as of and for the years ended December 31, 2013 and 2012.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Village of Cuyahoga Heights, Cuyahoga County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**CHARLES E. HARRIS & ASSOCIATES, INC.**

March 14, 2014

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 345,130	\$ 58,022	\$ -	\$ -	\$ 403,152
Municipal Income Tax	8,079,048	-	-	-	8,079,048
Intergovernmental	77,952	456,748	-	1,846,241	2,380,941
Charges for Services	503,456	-	-	-	503,456
Fines, Licenses and Permits	233,429	4,340	-	-	237,769
Earnings on Investments	6,165	-	-	522	6,687
Miscellaneous	159,456	1,600	-	-	161,056
<i>Total Cash Receipts</i>	<u>9,404,636</u>	<u>520,710</u>	<u>-</u>	<u>1,846,763</u>	<u>11,772,109</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	3,950,322	773,923	-	-	4,724,245
Public Health Services	22,654	-	-	-	22,654
Leisure Time Activities	169,986	-	-	-	169,986
Community Environment	66,056	-	-	-	66,056
Basic Utility Services	64,111	96,512	-	-	160,623
Transportation	27,960	77,642	-	-	105,602
General Government	4,323,101	-	-	-	4,323,101
Capital Outlay	162,590	352,315	-	4,156,453	4,671,358
Debt Service:					
Principal Retirement	-	-	1,505,000	-	1,505,000
Interest and Fiscal Charges	-	-	48,206	-	48,206
<i>Total Cash Disbursements</i>	<u>8,786,780</u>	<u>1,300,392</u>	<u>1,553,206</u>	<u>4,156,453</u>	<u>15,796,831</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	617,856	(779,682)	(1,553,206)	(2,309,690)	(4,024,722)
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	-	1,000,000	3,390,000	4,390,000
Premium and Accrued Interest on Debt	-	-	18,225	-	18,225
Sale of Capital Assets	3,244	-	-	-	3,244
Transfers In	-	719,000	500,000	25,000	1,244,000
Transfers Out	(1,244,000)	-	-	-	(1,244,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,240,756)</u>	<u>719,000</u>	<u>1,518,225</u>	<u>3,415,000</u>	<u>4,411,469</u>
<i>Net Change in Fund Cash Balances</i>	(622,900)	(60,682)	(34,981)	1,105,310	386,747
<i>Fund Cash Balances, January 1</i>	<u>2,740,871</u>	<u>928,323</u>	<u>9,865</u>	<u>273,366</u>	<u>3,952,425</u>
<b>Fund Cash Balances</b>					
Restricted	-	867,641	-	1,378,676	2,246,317
Assigned	55,418	-	-	-	55,418
Unassigned (Deficit)	2,062,553	-	(25,116)	-	2,037,437
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,117,971</u>	<u>\$ 867,641</u>	<u>\$ (25,116)</u>	<u>\$ 1,378,676</u>	<u>\$ 4,339,172</u>

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



**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Fiduciary Fund Type - Agency</b>
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	\$ 88,425
Miscellaneous	400
	88,825
<i>Total Operating Cash Receipts</i>	88,825
<b>Operating Cash Disbursements</b>	
Contractual Services	102,535
Other	2,955
	105,490
<i>Total Operating Cash Disbursements</i>	105,490
<i>Operating Income (Loss)</i>	(16,665)
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	11,200
	11,200
<i>Total Non-Operating Receipts (Disbursements)</i>	11,200
<i>Income (Loss)</i>	(5,465)
<i>Fund Cash Balances, January 1</i>	57,365
<i>Fund Cash Balances, December 31</i>	\$ 51,900

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

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 378,824	\$ 54,652	\$ -	\$ -	\$ 433,476
Municipal Income Tax	7,932,896	-	-	-	7,932,896
Intergovernmental	89,224	481,263	-	894,512	1,464,999
Charges for Services	451,212	-	-	-	451,212
Fines, Licenses and Permits	282,535	5,610	-	-	288,145
Earnings on Investments	5,014	2,075	-	770	7,859
Miscellaneous	88,648	-	-	-	88,648
<i>Total Cash Receipts</i>	<u>9,228,353</u>	<u>543,600</u>	<u>-</u>	<u>895,282</u>	<u>10,667,235</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	3,660,418	908,512	-	-	4,568,930
Public Health Services	21,961	-	-	-	21,961
Leisure Time Activities	148,244	-	-	-	148,244
Community Environment	48,252	-	-	-	48,252
Basic Utility Services	39,853	96,621	-	-	136,474
Transportation	42,966	215,444	-	-	258,410
General Government	3,717,470	-	-	-	3,717,470
Capital Outlay	126,582	107,978	-	1,063,963	1,298,523
Debt Service:					
Principal Retirement	-	-	2,000,000	-	2,000,000
Interest and Fiscal Charges	-	-	40,853	-	40,853
<i>Total Cash Disbursements</i>	<u>7,805,746</u>	<u>1,328,555</u>	<u>2,040,853</u>	<u>1,063,963</u>	<u>12,239,117</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,422,607	(784,955)	(2,040,853)	(168,681)	(1,571,882)
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes	-	-	1,505,000	-	1,505,000
Premium and Accrued Interest on Debt	-	-	4,504	-	4,504
Sale of Capital Assets	12,107	-	-	-	12,107
Transfers In	-	428,000	500,000	25,000	953,000
Transfers Out	(953,000)	-	-	-	(953,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(940,893)</u>	<u>428,000</u>	<u>2,009,504</u>	<u>25,000</u>	<u>1,521,611</u>
<i>Net Change in Fund Cash Balances</i>	481,714	(356,955)	(31,349)	(143,681)	(50,271)
<i>Fund Cash Balances, January 1</i>	<u>2,259,157</u>	<u>1,285,278</u>	<u>41,214</u>	<u>417,047</u>	<u>4,002,696</u>
<b>Fund Cash Balances</b>					
Restricted	-	928,323	9,865	273,366	1,211,554
Assigned	42,621	-	-	-	42,621
Unassigned (Deficit)	2,698,250	-	-	-	2,698,250
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,740,871</u>	<u>\$ 928,323</u>	<u>\$ 9,865</u>	<u>\$ 273,366</u>	<u>\$ 3,952,425</u>

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

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES  
FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Fiduciary Fund Type - Agency</b>
<b>Operating Cash Receipts</b>	
Fines, Licenses and Permits	\$ 96,020
Miscellaneous	1,600
<i>Total Operating Cash Receipts</i>	97,620
<b>Operating Cash Disbursements</b>	
Contractual Services	109,140
Other	3,228
<i>Total Operating Cash Disbursements</i>	112,368
<i>Operating Income (Loss)</i>	(14,748)
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	15,050
<i>Total Non-Operating Receipts (Disbursements)</i>	15,050
<i>Income (Loss)</i>	302
<i>Fund Cash Balances, January 1</i>	57,063
<i>Fund Cash Balances, December 31</i>	\$ 57,365

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

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cuyahoga Heights, Cuyahoga County, Ohio, (the "Village") as a body corporate and politic. 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 (leisure time activities), Mayor's Court, and general governmental services.

The Village participates in the Northeast Ohio Public Energy Council (NOPEC) jointly governed organization. Note 9 to the financial statements provides additional information for the entity.

The Village participates in a public entity risk pool. This organization is presented in Note 8 to the financial statements. This entity is the Ohio Plan Risk Management.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. 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. The Village records gains and losses at the time of sale as receipts and disbursements, respectively.

The Village values U.S. Treasury Notes at cost. The investments in STAR Ohio (the State Treasurer's investment pool) are valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds.

Police Pension Fund – This fund is used to account for tax revenue and transfers from the general fund used to liquidate the Village’s obligation for pension contributions.

Fire Pension Fund – This fund is used to account for tax revenue and transfers from the general fund used to liquidate the Village’s obligation for pension contributions.

**3. Debt Service Fund**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Bond Retirement Fund – This fund is used to account for resources used to repay various bond anticipation notes.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except for those financed through enterprise or trust funds.). The Village had the following significant capital project fund:

Construction Fund – This fund receives interest income proceeds and transfers from general fund. The proceeds are being used to fund various Village capital improvement projects.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments. The Village has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant agency fund:

Mayor’s Court Fund – This fund is used to account for activities for the Village’s Mayor’s Court.

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

**2. 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.

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**1. Summary of Significant Accounting Policies (Continued)**

**Fund Balance (Continued)**

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the 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.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

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

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

**G. Property, Plant, and Equipment**

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

**H. 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.

**2. Equity in Pooled Cash**

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

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**2. Equity in Pooled Cash (Continued)**

	2013	2012
Demand deposits	\$ 1,126,158	\$ 280,168
Petty cash	4,150	4,150
Total deposits	1,130,308	284,318
STAR Ohio	432,670	792,428
Fifth Third Money Market	2,251,358	2,356,435
PNC Bank Money Market	66,542	66,466
Key Bank Money Market	510,194	510,143
Total investments	3,260,764	3,725,472
Total deposits and investments	<u>\$ 4,391,072</u>	<u>\$ 4,009,790</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

Fund Type	2013 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variances
General	\$ 9,150,722	\$ 9,407,880	\$ 257,158
Special Revenue	1,294,465	1,239,710	(54,755)
Debt Service	1,554,000	1,518,225	(35,775)
Capital Projects	6,206,406	5,261,763	(944,643)
Total	<u>\$ 18,205,593</u>	<u>\$ 17,427,578</u>	<u>\$ (778,015)</u>
Fund Type	2013 Budgeted vs. Actual Budgetary Basis Disbursements		
	Appropriation Authority	Budgetary Disbursements	Variances
General	\$ 11,360,199	\$ 10,086,198	\$ 1,274,001
Special Revenue	2,174,556	1,418,948	755,608
Debt Service	1,554,000	1,553,206	794
Capital Projects	6,479,771	5,289,198	1,190,573
Total	<u>\$ 21,568,526</u>	<u>\$ 18,347,550</u>	<u>\$ 3,220,976</u>



**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**3. Budgetary Activity (Continued)**

Fund Type	2012 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variances
General	\$ 8,587,045	\$ 9,240,460	\$ 653,415
Special Revenue	1,089,614	971,600	(118,014)
Debt Service	2,090,001	2,009,504	(80,497)
Capital Projects	1,185,975	920,282	(265,693)
Total	<u>\$ 12,952,635</u>	<u>\$ 13,141,846</u>	<u>\$ 189,211</u>
Fund Type	2012 Budgeted vs. Actual Budgetary Basis Disbursements		
	Appropriation Authority	Budgetary Disbursements	Variances
General	\$ 10,118,488	\$ 8,801,367	\$ 1,317,121
Special Revenue	2,344,909	1,337,305	1,007,604
Debt Service	2,131,213	2,040,853	90,360
Capital Projects	1,298,538	1,184,693	113,845
Total	<u>\$ 15,893,148</u>	<u>\$ 13,364,218</u>	<u>\$ 2,528,930</u>

**4. Property Tax**

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

Public utilities are also taxed on personal and real property located within the Village.

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

**5. Local Income Tax**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA) 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.

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**6. Debt**

Debt outstanding at December 31, 2013, was as follows:

	Principal	Rate
Various Purpose Note, Series 2013	\$ 4,390,000	1%

Various Purpose Notes, Series 2013 were issued in anticipation of the issuance of bonds to pay the costs of constructing, renovating and furnishing various municipal facilities, and constructing and reconstructing various road and sidewalk improvements.

**7. Retirement Systems**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of participants' gross salaries. For July through December 2013, OP&F participants contributed 10.75 percent of their wages. For January 2012 through June 2013, OP&F participants contributed 10 percent of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5 percent of police members' wages and 24 percent of fire fighters' wages. The Village has paid all contributions required through December 31, 2013 and 2012.

**8. Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively.

**VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 and 2012**

**8. Risk Management (Continued)**

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the information available):

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

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

**9. Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight members 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. Financial information can be obtained by contacting NOPEC at 31320 Solon Road, Suite 20, Solon, Ohio 44139.

**10. Transfers**

Transfers were made for the allocation of income taxes and were in compliance with the Ohio Revised Code.

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614 W Superior Ave Ste 1242  
Cleveland, OH 44113-1306

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Fax - (216) 436-2411

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

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**INDEPENDENT AUDITORS' 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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Cuyahoga Heights, Cuyahoga County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village 's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village 's internal control. Accordingly, we have not opined on it.

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

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

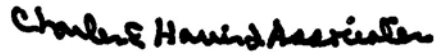
***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 14, 2014.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CHARLES E. HARRIS & ASSOCIATES, INC.**  
March 14, 2014

VILLAGE OF CUYAHOGA HEIGHTS  
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2013 and 2012

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2011-VCH-01	Revised Code Section 5705.41 (B) – Expenditures exceeded appropriations.	Yes	No longer valid
2011-VCH-02	Posting of budgeted receipts and appropriations	Yes	No longer valid



# Dave Yost • Auditor of State

**VILLAGE OF CUYAHOGA HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 26, 2014**