



Dave Yost • Auditor of State

VILLAGE OF MORELAND HILLS
CUYAHOGA COUNTY

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VILLAGE OF MORELAND HILLS
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Moreland Hills
Cuyahoga County
4350 S.O.M. Center Road
Moreland Hills, Ohio 44022

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Moreland Hills, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Moreland Hills, Cuyahoga County, Ohio, as of May 29, 2015, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Police and Fire Levy, and Street, Construction, Maintenance and Repair Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matter

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-9 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

May 29, 2015

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

This discussion and analysis of the financial performance of the Village of Moreland Hills, Cuyahoga County, Ohio, (the Village) provides an overall review of the Village's financial activities for the years ended December 31, 2014 and 2013 within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

- The net position of governmental activities declined slightly by \$0.2 million between 2013 and 2012 and further declined by another \$0.2 million during fiscal year 2014. The General Fund showed the biggest reduction of approximately \$1 million from fiscal year 2012 to fiscal year 2014. This was offset by an increase of \$0.5 million in the Waste Water Treatment Plant Expansion Fund and \$0.2 million increase in the net position of the SCM&R Fund. The other fluctuations in net position were mostly operational and expected.
- The Village's general receipts are primarily income and property taxes. These receipts represent respectively 47% and 23% of the total cash received for governmental activities during the most current fiscal year ending December 31, 2014. Income tax receipts in 2014 increased by 10% compared to 2013 due to the improving state of the general economy. Property Tax receipts have remained steady over the last two fiscal years.
- The Village's bond rating remains at Aa1 after being upgraded recently from Aa2 by Moody's Investors Service based on a recalibration undertaken by the rating agency primarily involving the public sector and also due to the prudent fiscal management and the Village's extremely wealthy and stable residential base and healthy finances.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2014 and 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we express the Village's activities as the following:

Governmental activities - The Village's services are reported here, including police, fire and streets. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General, Police and Fire Levy, Streets Construction Maintenance and Repair (SCM&R), and the Waste Water Treatment Plant Expansion Funds in 2014 and 2013, and the Property Improvement Fund in 2013. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Fiduciary Funds – The fiduciary funds are used to account for resources held for the benefit of parties outside the Village. The fiduciary fund is not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2014, 2013 and 2012 on a cash basis.

(Table 1)
Net Position

| | Governmental Activities | | |
|---------------------------|-------------------------|-------------|-------------|
| | 2014 | 2013 | 2012 |
| Assets | | | |
| Cash and Cash Equivalents | \$6,718,656 | \$6,934,074 | \$7,121,040 |
| Total Assets | \$6,718,656 | \$6,934,074 | \$7,121,040 |
| Net Position | | | |
| Restricted for: | | | |
| Capital Projects | 1,184,939 | 805,067 | 772,971 |
| Debt Service | 386,532 | 448,089 | 498,676 |
| Other Purposes | 940,315 | 1,067,338 | 580,469 |
| Unrestricted | 4,206,870 | 4,613,580 | 5,268,924 |
| Total Net Position | \$6,718,656 | \$6,934,074 | \$7,121,040 |

As mentioned previously, net position of governmental activities decreased slightly by \$0.2 million over from 2012 to 2013, and 2013 to 2014, respectively.

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Table 2 reflects the changes in net assets during 2014, 2013 and 2012 and also provides a comparative analysis of government-wide data.

(Table 2)
Changes in Net Position

| | Governmental Activities | | |
|--|-------------------------|--------------------|--------------------|
| | 2014 | 2013 | 2012 |
| Receipts: | | | |
| Program Receipts: | | | |
| Charges for Services and Sales | \$336,904 | \$226,797 | \$223,536 |
| Operating Grants and Special Assessments | 186,222 | 218,219 | 245,469 |
| Capital Grants and Special Assessments | 326,846 | 764,347 | 269,577 |
| Total Program Receipts | <u>849,972</u> | <u>1,209,363</u> | <u>738,582</u> |
| General Receipts: | | | |
| Property Taxes | 1,593,385 | 1,619,420 | 1,555,720 |
| Income Taxes | 3,295,392 | 3,263,604 | 2,892,842 |
| Grants and Entitlements Not Restricted to specific programs | 618,567 | 564,282 | 611,834 |
| Interest | 21,443 | 25,612 | 22,058 |
| Sale of Capital Assets | 77,420 | 362,502 | 12,556 |
| Miscellaneous | 542,836 | 195,187 | 170,739 |
| Total General Receipts | <u>6,149,043</u> | <u>6,030,607</u> | <u>5,265,749</u> |
| Total Receipts | <u>6,999,015</u> | <u>7,239,970</u> | <u>6,004,331</u> |
| Disbursements: | | | |
| Security of Persons and Proerpty | 1,923,897 | 1,915,868 | 1,915,339 |
| Public Health Services | 20,237 | 19,818 | 19,036 |
| Community Environment | 383,050 | 195,277 | 84,885 |
| Basic Utility Services | 1,797,733 | 1,290,767 | 1,323,665 |
| Transportation | 1,145,995 | 1,197,862 | 552,266 |
| General Government | 1,572,789 | 1,438,228 | 1,717,064 |
| Capital Outlay | 212,709 | 1,211,962 | 1,580,723 |
| Principal Retirement | 145,786 | 143,155 | 143,035 |
| Interest and Fiscal Charges | 12,237 | 13,999 | 16,307 |
| Total Disbursements | <u>7,214,433</u> | <u>7,426,936</u> | <u>7,352,320</u> |
| Increase in Net Position | (215,418) | (186,966) | (1,347,989) |
| Net Position, January 1 | <u>6,934,074</u> | <u>7,121,040</u> | <u>8,469,029</u> |
| Net Position, December 31 | <u>\$6,718,656</u> | <u>\$6,934,074</u> | <u>\$7,121,040</u> |

Village of Moreland Hills
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Management's Discussion and Analysis
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Program receipts represented 12 percent of total receipts during 2014 compared to 17 percent in 2013. The 2013 receipts included a grant from the Public Works Commission of Ohio in the amount of \$492,000 for the purchase of land to be used for conservation and green space. Additionally, the Village sold some property that was no longer needed for municipal use at an amount of \$347,000. Program receipts are primarily comprised of charges for services and special assessments against properties for maintenance and expansion of infrastructure and revenues from restricted intergovernmental receipts such as motor vehicle license and gas tax money and grants.

General receipts represent 88 percent of the Village's total receipts during 2014 compared to 83 percent during 2013 again primarily due to the grant from OPWC and the sale proceeds from disposal of property. Local municipal income tax and Property Tax revenues comprise almost 54 percent and 26 percent of the General Receipts, respectively, during 2014 and are consistent with the preceding two fiscal years ending December 31, 2013 and 2012. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, auditor, treasurer, and income tax collections, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs. Security of Persons and Property are the costs of police and fire protection; Public Health Services are county health department fees; Community Environment Activities are the costs of maintaining the Village community activities; and Transportation is the cost of maintaining the roads and sewers.

Governmental Activities

The Statements of Activities for 2014 and 2013, on pages 12 and 20, respectively, list the major services provided by the Village along with a column identifying the costs of providing these services. Typically, the largest program disbursements for governmental activities are for security of persons and property, which accounted for 27 percent and 26 percent of all cash disbursements for 2014 and 2013, respectively. General government and basic utility services also represent significant disbursements accounting for 47 percent and 38 percent of total cash disbursements for 2014 and 2013, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net (Disbursements) Receipts and Changes in Net Position column compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement.

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

| | Total Cost of Services 2014 | Net Cost of Services 2014 | Total Cost of Services 2013 | Net Cost of Services 2013 | Total Cost of Services 2012 | Net Cost of Services 2012 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Security of Persons and Property | \$1,923,897 | (\$1,858,624) | \$1,915,868 | (\$1,836,563) | \$1,915,339 | (\$1,824,044) |
| Public Health Services | 20,237 | 23,763 | 19,818 | (8,818) | 19,036 | (8,036) |
| Community Environment | 383,050 | (383,050) | 195,277 | (164,800) | 84,885 | (84,885) |
| Basic Utility Services | 1,797,733 | (1,601,548) | 1,290,767 | (1,070,818) | 1,323,665 | (1,076,571) |
| Transportation | 1,145,995 | (1,084,871) | 1,197,862 | (1,182,808) | 552,266 | (540,627) |
| General Government | 1,572,789 | (1,389,585) | 1,438,228 | (1,327,166) | 1,717,064 | (1,617,189) |
| Capital Outlay | 212,709 | 87,477 | 1,211,962 | (478,092) | 1,580,723 | (1,311,146) |
| Redemption of Principal | 145,786 | (145,786) | 143,155 | (134,509) | 143,035 | (134,933) |
| Interest and Fiscal Charges | 12,237 | (12,237) | 13,999 | (13,999) | 16,307 | (16,307) |
| Total Expenses | \$7,214,433 | (\$6,364,461) | \$7,426,936 | (\$6,217,573) | \$7,352,320 | (\$6,613,738) |

The Village's Funds

Total governmental funds had receipts of \$6,921,595 and disbursements of \$7,214,433 for 2014, and receipts of \$6,877,468 and disbursements of \$7,426,936 for 2013, respectively. The operations of the Village remained consistent with the preceding fiscal years. During 2014 there were additional cash outlays for capital equipment and vehicles in the amount of \$0.5 million. To avoid such one-time hits to the annual budget and fund balances, the Village will be establishing a capital reserve fund in 2015 to set aside funds for future capital purchases by annually charging the Police and Service departments with a fixed amount calculated in a manner similar to straight line depreciation for the major pieces of equipment and vehicles owned by these departments. The General Fund showed a reduction of approximately \$1.1 million from 2012 to 2014 due, in part, to an increase in Basic Utility Services in 2014 of approximately \$0.6 million for the purchase of various heavy equipment and vehicles such as trucks for snow plowing and rubbish pick-up and also due to the increased cost of providing governmental services to the Village residents. The Waste Water Treatment Plant Expansion Fund reflected an increase of \$0.5 million in net position from 2012 to 2014 which will be utilized for future capital improvements to the recently built pump stations. The other governmental funds remained steady and did not experience any increase or decrease in fund balances.

General Fund Budgeting Highlights

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

During 2014 and 2013, the Village amended its General Fund appropriations several times to reflect changing circumstances. There were no changes between final actual and original budgeted receipts in 2014 or 2013. Including Other Financing Uses, final disbursements, were budgeted at \$7,647,400 and \$6,789,628 for 2014 and 2013, respectively, while actual disbursements were \$7,329,046 and \$6,547,817, respectively, which includes year-end encumbrances. Although actual receipts exceeded expectations, actual disbursements were reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Village of Moreland Hills
Cuyahoga County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Village maintains a listing of its capital assets and infrastructure. These records are not required to be presented in the financial statements.

Outstanding Debt

At December 31, 2014, the Village's outstanding debt was \$587,168 comprising of Various Purpose and Street Improvement bonds along with Ohio Public Works Commission loans. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

The Village continues to be among the area's wealthiest suburbs as reflected in high full value per capita and income measures well above the state and national averages. The Village's moderate tax base is expected to grow at historical rates of around 3 percent. The Village continues to strive for ways and means to make optimum utilization of available resources. Over the past few years the Village has joined consortiums and updated its bidding requirements to get the lowest and best process for all contracts issued and purchases made during the year. Based on prudent management and financially conservative budgeting practices, the Village's financial operations are expected to remain healthy.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Prashant Shah, CPA, Treasurer, Village of Moreland Hills, 4350 S.O.M. Center Road, Moreland Hills, Ohio 44022.

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Village of Moreland Hills
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2014

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$6,718,656</u> |
| <i>Total Assets</i> | <u><u>\$6,718,656</u></u> |
| | |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$1,184,939 |
| Debt Service | 386,532 |
| Other Purposes | 940,315 |
| Unrestricted | <u>4,206,870</u> |
| <i>Total Net Position</i> | <u><u>\$6,718,656</u></u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2014

| | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position |
|--------------------------------------|-----------------------|--------------------------------------|--|-------------------------------------|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| Current: | | | | | |
| Security of Persons and Property | \$1,923,897 | \$65,273 | \$0 | \$0 | (\$1,858,624) |
| Public Health Services | 20,237 | 44,000 | 0 | 0 | 23,763 |
| Community Environment | 383,050 | 0 | 0 | 0 | (383,050) |
| Basic Utility Services | 1,797,733 | 9,963 | 186,222 | 0 | (1,601,548) |
| Transportation | 1,145,995 | 34,464 | 0 | 26,660 | (1,084,871) |
| General Government | 1,572,789 | 183,204 | 0 | 0 | (1,389,585) |
| Capital Outlay | 212,709 | 0 | 0 | 300,186 | 87,477 |
| Debt Service: | | | | | |
| Principal Retirement | 145,786 | 0 | 0 | 0 | (145,786) |
| Interest and Fiscal Charges | 12,237 | 0 | 0 | 0 | (12,237) |
| <i>Total Governmental Activities</i> | <u>7,214,433</u> | <u>336,904</u> | <u>186,222</u> | <u>326,846</u> | <u>(6,364,461)</u> |
| <i>Total Primary Government</i> | <u>\$7,214,433</u> | <u>\$336,904</u> | <u>\$186,222</u> | <u>\$326,846</u> | <u>(6,364,461)</u> |
| | | General Receipts: | | | |
| | | Property Taxes Levied for: | | | |
| | | | | | 1,509,405 |
| | | | | | 83,980 |
| | | | | | 3,295,392 |
| | | | | | 618,567 |
| | | | | | 77,420 |
| | | | | | 21,443 |
| | | | | | 542,836 |
| | | | | | <u>6,149,043</u> |
| | | | | | (215,418) |
| | | | | | <u>6,934,074</u> |
| | | | | | <u>\$6,718,656</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2014

| | General | Police & Fire Levy | SCM&R | WWTP Expansion | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,206,870 | \$193,575 | \$248,986 | \$956,390 | \$1,112,835 | \$6,718,656 |
| <i>Total Assets</i> | <u>\$4,206,870</u> | <u>\$193,575</u> | <u>\$248,986</u> | <u>\$956,390</u> | <u>\$1,112,835</u> | <u>\$6,718,656</u> |
| Fund Balances | | | | | | |
| Restricted | \$0 | \$193,575 | \$248,986 | \$956,390 | \$876,125 | \$2,275,076 |
| Committed | 0 | 0 | 0 | 0 | 236,710 | 236,710 |
| Unassigned (Deficit) | 4,206,870 | 0 | 0 | 0 | 0 | 4,206,870 |
| <i>Total Fund Balances</i> | <u>\$4,206,870</u> | <u>\$193,575</u> | <u>\$248,986</u> | <u>\$956,390</u> | <u>\$1,112,835</u> | <u>\$6,718,656</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2014

| | General | Police & Fire Levy | SCM&R | WWTP Expansion | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|------------------|-------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | |
| Municipal Income Taxes | \$3,295,392 | \$0 | \$0 | \$0 | \$0 | \$3,295,392 |
| Property and Other Local Taxes | 821,205 | 625,545 | 0 | 0 | 146,635 | 1,593,385 |
| Intergovernmental | 329,086 | 89,279 | 140,724 | 0 | 173,501 | 732,590 |
| Special Assessments | 0 | 0 | 26,660 | 186,162 | 186,222 | 399,044 |
| Charges for Services | 13,153 | 0 | 0 | 0 | 9,963 | 23,116 |
| Fines, Licenses and Permits | 235,324 | 0 | 34,464 | 44,000 | 461 | 314,249 |
| Earnings on Investments | 19,050 | 0 | 2,006 | 0 | 387 | 21,443 |
| Miscellaneous | 228,645 | 0 | 0 | 26,510 | 287,221 | 542,376 |
| <i>Total Receipts</i> | <u>4,941,855</u> | <u>714,824</u> | <u>203,854</u> | <u>256,672</u> | <u>804,390</u> | <u>6,921,595</u> |
| Disbursements | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 0 | 1,735,801 | 0 | 0 | 188,096 | 1,923,897 |
| Public Health Services | 20,237 | 0 | 0 | 0 | 0 | 20,237 |
| Community Environment | 99,766 | 0 | 0 | 0 | 283,284 | 383,050 |
| Basic Utility Services | 1,600,437 | 0 | 0 | 0 | 197,296 | 1,797,733 |
| Transportation | 124,334 | 0 | 865,710 | 0 | 155,951 | 1,145,995 |
| General Government | 1,570,942 | 0 | 0 | 1,847 | 0 | 1,572,789 |
| Capital Outlay | 0 | 84,967 | 0 | 0 | 127,742 | 212,709 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 145,786 | 145,786 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 12,237 | 12,237 |
| <i>Total Disbursements</i> | <u>3,415,716</u> | <u>1,820,768</u> | <u>865,710</u> | <u>1,847</u> | <u>1,110,392</u> | <u>7,214,433</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,526,139</u> | <u>(1,105,944)</u> | <u>(661,856)</u> | <u>254,825</u> | <u>(306,002)</u> | <u>(292,838)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Sale of Capital Assets | 77,420 | 0 | 0 | 0 | 0 | 77,420 |
| Transfers In | 292,012 | 1,171,000 | 525,000 | 0 | 752,581 | 2,740,593 |
| Transfers Out | (2,448,581) | 0 | 0 | 0 | (292,012) | (2,740,593) |
| Advances In | 151,900 | 0 | 0 | 0 | 5,600 | 157,500 |
| Advances Out | (5,600) | 0 | 0 | 0 | (151,900) | (157,500) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,932,849)</u> | <u>1,171,000</u> | <u>525,000</u> | <u>0</u> | <u>314,269</u> | <u>77,420</u> |
| <i>Net Change in Fund Balances</i> | (406,710) | 65,056 | (136,856) | 254,825 | 8,267 | (215,418) |
| <i>Fund Balances Beginning of Year</i> | <u>4,613,580</u> | <u>128,519</u> | <u>385,842</u> | <u>701,565</u> | <u>1,104,568</u> | <u>6,934,074</u> |
| <i>Fund Balances End of Year</i> | <u>\$4,206,870</u> | <u>\$193,575</u> | <u>\$248,986</u> | <u>\$956,390</u> | <u>\$1,112,835</u> | <u>\$6,718,656</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Municipal Income Taxes | \$2,462,324 | \$2,462,324 | \$3,295,392 | \$833,068 |
| Property and Other Local Taxes | 613,606 | 613,606 | 821,205 | 207,599 |
| Intergovernmental | 245,894 | 245,894 | 329,086 | 83,192 |
| Charges for Services | 9,828 | 9,828 | 13,153 | 3,325 |
| Fines, Licenses and Permits | 175,835 | 175,835 | 235,324 | 59,489 |
| Earnings on Investments | 14,234 | 14,234 | 19,050 | 4,816 |
| Miscellaneous | 170,844 | 170,844 | 228,645 | 57,801 |
| <i>Total Receipts</i> | <u>3,692,565</u> | <u>3,692,565</u> | <u>4,941,855</u> | <u>1,249,290</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Health Services | 20,000 | 20,250 | 20,237 | 13 |
| Community Environment | 57,340 | 100,290 | 99,766 | 524 |
| Basic Utility Services | 1,752,517 | 1,937,247 | 1,727,768 | 209,479 |
| Transportation | 195,512 | 307,512 | 282,723 | 24,789 |
| General Government | 2,470,764 | 2,826,935 | 2,744,371 | 82,564 |
| <i>Total Disbursements</i> | <u>4,496,133</u> | <u>5,192,235</u> | <u>4,874,865</u> | <u>317,370</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(803,568)</u> | <u>(1,499,670)</u> | <u>66,990</u> | <u>1,566,660</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 57,848 | 57,848 | 77,420 | 19,572 |
| Transfers In | 218,192 | 218,192 | 292,012 | 73,820 |
| Transfers Out | (2,276,765) | (2,303,265) | (2,448,581) | (145,316) |
| Advances In | 113,500 | 113,500 | 151,900 | 38,400 |
| Advances Out | (151,900) | (151,900) | (5,600) | 146,300 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(2,039,125)</u> | <u>(2,065,625)</u> | <u>(1,932,849)</u> | <u>132,776</u> |
| <i>Net Change in Fund Balance</i> | <u>(2,842,693)</u> | <u>(3,565,295)</u> | <u>(1,865,859)</u> | <u>1,699,436</u> |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 3,579,815 | 3,579,815 | 3,579,815 | 0 |
| Prior Year Encumbrances Appropriated | 1,033,765 | 1,033,765 | 1,033,765 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$1,770,887</u> | <u>\$1,048,286</u> | <u>\$2,747,721</u> | <u>\$1,699,436</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police and Fire Levy Fund
For the Year Ended December 31, 2014

| | Budgeted Amounts | | Actual | (Optional) Variance with Final Budget Positive (Negative) |
|--|------------------|-------------|-------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property Taxes | \$238,840 | \$612,013 | \$625,545 | \$13,532 |
| Intergovernmental | 34,088 | 87,348 | 89,279 | 1,931 |
| <i>Total Receipts</i> | 272,928 | 699,361 | 714,824 | 15,463 |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,817,981 | 1,848,981 | 1,741,886 | 107,095 |
| Capital Outlay | 79,327 | 85,327 | 84,967 | 360 |
| <i>Total Disbursements</i> | 1,897,308 | 1,934,308 | 1,826,853 | 107,455 |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (1,624,380) | (1,234,947) | (1,112,029) | 122,918 |
| Other Financing Sources | | | | |
| Transfers In | 447,101 | 1,145,669 | 1,171,000 | 25,331 |
| <i>Total Other Financing Sources</i> | 447,101 | 1,145,669 | 1,171,000 | 25,331 |
| <i>Net Change in Fund Balance</i> | (1,177,279) | (89,278) | 58,971 | 148,249 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 122,866 | 122,866 | 122,866 | 0 |
| Prior Year Encumbrances Appropriated | 5,653 | 5,653 | 5,653 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | (\$1,048,760) | \$39,241 | \$187,490 | \$148,249 |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
SCM&R Fund
For the Year Ended December 31, 2014

| | <u>Budgeted Amounts</u> | | | (Optional) Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts | | | | |
| Intergovernmental | \$91,711 | \$143,455 | \$140,724 | (\$2,731) |
| Special Assessments | 17,375 | 27,178 | 26,660 | (518) |
| Fines, Licenses and Permits | 22,461 | 35,133 | 34,464 | (669) |
| Earnings on Investments | 1,307 | 2,045 | 2,006 | (39) |
| <i>Total Receipts</i> | <u>132,854</u> | <u>207,811</u> | <u>203,854</u> | <u>(3,957)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 1,091,646 | 1,000,945 | 949,618 | 51,327 |
| <i>Total Disbursements</i> | <u>1,091,646</u> | <u>1,000,945</u> | <u>949,618</u> | <u>51,327</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(958,792)</u> | <u>(793,134)</u> | <u>(745,764)</u> | <u>47,370</u> |
| Other Financing Sources | | | | |
| Transfers In | 342,146 | 535,189 | 525,000 | (10,189) |
| <i>Total Other Financing Sources</i> | <u>342,146</u> | <u>535,189</u> | <u>525,000</u> | <u>(10,189)</u> |
| <i>Net Change in Fund Balance</i> | (616,646) | (257,945) | (220,764) | 37,181 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 178,196 | 178,196 | 178,196 | 0 |
| Prior Year Encumbrances Appropriated | <u>207,646</u> | <u>207,646</u> | <u>207,646</u> | <u>0</u> |
| <i>Unencumbered Fund Balance End of Year</i> | <u>(\$230,804)</u> | <u>\$127,897</u> | <u>\$165,078</u> | <u>\$37,181</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2014

| | <u>Agency</u> |
|---|-------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$103,443</u> |
| <i>Total Assets</i> | <u><u>\$103,443</u></u> |
| Net Position | |
| Held in Trust for Deposits/Unclaimed Funds: | |
| Nonexpendable | <u>\$103,443</u> |
| <i>Total Net Position</i> | <u><u>\$103,443</u></u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County
Statement of Net Position - Cash Basis
December 31, 2013

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$6,934,074</u> |
| <i>Total Assets</i> | <u><u>\$6,934,074</u></u> |
| | |
| Net Position | |
| Restricted for: | |
| Capital Projects | \$805,067 |
| Debt Service | 448,089 |
| Other Purposes | 1,067,338 |
| Unrestricted | <u>4,613,580</u> |
| <i>Total Net Position</i> | <u><u>\$6,934,074</u></u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

| | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Position |
|---|-----------------------|--------------------------------------|--|-------------------------------------|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | | |
| Current: | | | | | |
| Security of Persons and Property | \$1,915,868 | \$79,305 | \$0 | \$0 | (\$1,836,563) |
| Public Health Services | 19,818 | 11,000 | 0 | 0 | (8,818) |
| Community Environment | 195,277 | 0 | 0 | 30,477 | (164,800) |
| Basic Utility Services | 1,290,767 | 10,376 | 209,573 | 0 | (1,070,818) |
| Transportation | 1,197,862 | 15,054 | 0 | 0 | (1,182,808) |
| General Government | 1,438,228 | 111,062 | 0 | 0 | (1,327,166) |
| Capital Outlay | 1,211,962 | 0 | 0 | 733,870 | (478,092) |
| Debt Service: | | | | | |
| Principal Retirement | 143,155 | 0 | 8,646 | 0 | (134,509) |
| Interest and Fiscal Charges | 13,999 | 0 | 0 | 0 | (13,999) |
| <i>Total Governmental Activities</i> | <u>7,426,936</u> | <u>226,797</u> | <u>218,219</u> | <u>764,347</u> | <u>(6,217,573)</u> |
| <i>Total Primary Government</i> | <u>\$7,426,936</u> | <u>\$226,797</u> | <u>\$218,219</u> | <u>\$764,347</u> | <u>(6,217,573)</u> |
| General Receipts: | | | | | |
| Property Taxes Levied for: | | | | | |
| General Purposes | | | | | 1,533,374 |
| Debt Service | | | | | 86,046 |
| Income Taxes | | | | | 3,263,604 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 564,282 |
| Sale of Capital Assets | | | | | 362,502 |
| Earnings on Investments | | | | | 25,612 |
| Miscellaneous | | | | | 195,187 |
| <i>Total General Receipts</i> | | | | | <u>6,030,607</u> |
| Change in Net Position | | | | | (186,966) |
| <i>Net Position Beginning of Year</i> | | | | | <u>7,121,040</u> |
| <i>Net Position End of Year</i> | | | | | <u>\$6,934,074</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

| | General | Police & Fire Levy | SCM&R | Property Improvement | WWTP Expansion | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|------------------|-------------------------|-------------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,613,580 | \$128,519 | \$385,842 | \$56,457 | \$701,565 | \$1,048,111 | \$6,934,074 |
| <i>Total Assets</i> | <u>\$4,613,580</u> | <u>\$128,519</u> | <u>\$385,842</u> | <u>\$56,457</u> | <u>\$701,565</u> | <u>\$1,048,111</u> | <u>\$6,934,074</u> |
| Fund Balances | | | | | | | |
| Restricted | \$0 | \$128,519 | \$385,842 | \$0 | \$701,565 | \$986,860 | \$2,202,786 |
| Committed | 0 | 0 | 0 | 56,457 | 0 | 61,251 | 117,708 |
| Unassigned (Deficit) | 4,613,580 | 0 | 0 | 0 | 0 | 0 | 4,613,580 |
| <i>Total Fund Balances</i> | <u>\$4,613,580</u> | <u>\$128,519</u> | <u>\$385,842</u> | <u>\$56,457</u> | <u>\$701,565</u> | <u>\$1,048,111</u> | <u>\$6,934,074</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills
Cuyahoga County, Ohio
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

| | General | Police & Fire Levy | SCM&R | Property Improvement | WWTP Expansion | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-----------------------|------------------|-------------------------|-------------------|--------------------------------|--------------------------------|
| Receipts | | | | | | | |
| Municipal Income Taxes | \$3,263,604 | \$0 | \$0 | \$0 | \$0 | 0 | \$3,263,604 |
| Property and Other Local Taxes | 826,706 | 642,357 | 0 | 0 | 0 | 150,357 | 1,619,420 |
| Intergovernmental | 276,996 | 89,700 | 139,028 | 492,396 | 0 | 120,675 | 1,118,795 |
| Special Assessments | 0 | 0 | 0 | 0 | 209,834 | 218,219 | 428,053 |
| Charges for Services | 12,826 | 0 | 0 | 0 | 0 | 10,376 | 23,202 |
| Fines, Licenses and Permits | 177,541 | 0 | 15,054 | 0 | 11,000 | 125 | 203,720 |
| Earnings on Investments | 23,376 | 0 | 1,765 | 0 | 0 | 471 | 25,612 |
| Miscellaneous | 189,798 | 211 | 0 | 0 | 0 | 5,053 | 195,062 |
| Total Receipts | 4,770,847 | 732,268 | 155,847 | 492,396 | 220,834 | 505,276 | 6,877,468 |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| Security of Persons and Property | 0 | 1,699,581 | 0 | 0 | 0 | 216,287 | 1,915,868 |
| Public Health Services | 19,818 | 0 | 0 | 0 | 0 | 0 | 19,818 |
| Community Environment | 80,406 | 0 | 0 | 1,669 | 0 | 113,202 | 195,277 |
| Basic Utility Services | 991,060 | 0 | 0 | 0 | 0 | 299,707 | 1,290,767 |
| Transportation | 82,898 | 0 | 976,456 | 0 | 0 | 138,508 | 1,197,862 |
| General Government | 1,436,070 | 0 | 0 | 0 | 2,073 | 85 | 1,438,228 |
| Capital Outlay | 0 | 181,077 | 0 | 969,729 | 0 | 61,156 | 1,211,962 |
| Debt Service: | | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 143,155 | 143,155 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 13,999 | 13,999 |
| Total Disbursements | 2,610,252 | 1,880,658 | 976,456 | 971,398 | 2,073 | 986,099 | 7,426,936 |
| Excess of Receipts Over (Under) Disbursements | 2,160,595 | (1,148,390) | (820,609) | (479,002) | 218,761 | (480,823) | (549,468) |
| Other Financing Sources (Uses) | | | | | | | |
| Sale of Capital Assets | 14,259 | 0 | 0 | 348,243 | 0 | 0 | 362,502 |
| Transfers In | 0 | 1,166,000 | 1,134,000 | 0 | 0 | 457,500 | 2,757,500 |
| Transfers Out | (2,757,500) | 0 | 0 | 0 | 0 | 0 | (2,757,500) |
| Advances In | 73,602 | 0 | 0 | 0 | 0 | 146,300 | 219,902 |
| Advances Out | (146,300) | 0 | 0 | 0 | 0 | (73,602) | (219,902) |
| Total Other Financing Sources (Uses) | (2,815,939) | 1,166,000 | 1,134,000 | 348,243 | 0 | 530,198 | 362,502 |
| Net Change in Fund Balances | (655,344) | 17,610 | 313,391 | (130,759) | 218,761 | 49,375 | (186,966) |
| Fund Balances Beginning of Year | 5,268,924 | 110,909 | 72,451 | 187,216 | 482,804 | 998,736 | 7,121,040 |
| Fund Balances End of Year | \$4,613,580 | \$128,519 | \$385,842 | \$56,457 | \$701,565 | \$1,048,111 | \$6,934,074 |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | | (Optional) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Municipal Income Taxes | \$2,728,638 | \$2,728,638 | \$3,263,604 | \$534,966 |
| Property and Other Local Taxes | 691,193 | 691,193 | 826,706 | 135,513 |
| Intergovernmental | 231,591 | 231,591 | 276,996 | 45,405 |
| Charges for Services | 10,724 | 10,724 | 12,826 | 2,102 |
| Fines, Licenses and Permits | 148,439 | 148,439 | 177,541 | 29,102 |
| Earnings on Investments | 19,544 | 19,544 | 23,376 | 3,832 |
| Miscellaneous | 158,686 | 158,686 | 189,798 | 31,112 |
| <i>Total Receipts</i> | <u>3,988,815</u> | <u>3,988,815</u> | <u>4,770,847</u> | <u>782,032</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Health Services | 20,000 | 20,000 | 19,818 | 182 |
| Community Environment | 81,648 | 82,648 | 80,406 | 2,242 |
| Basic Utility Services | 1,287,098 | 1,012,424 | 992,718 | 19,706 |
| Transportation | 247,060 | 214,181 | 178,410 | 35,771 |
| General Government | 2,301,324 | 2,555,875 | 2,372,665 | 183,210 |
| <i>Total Disbursements</i> | <u>3,937,130</u> | <u>3,885,128</u> | <u>3,644,017</u> | <u>241,111</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>51,685</u> | <u>103,687</u> | <u>1,126,830</u> | <u>1,023,143</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | 11,921 | 11,921 | 14,259 | 2,338 |
| Transfers Out | (1,640,200) | (2,758,200) | (2,757,500) | 700 |
| Advances In | 61,538 | 61,538 | 73,602 | 12,064 |
| Advances Out | 0 | (146,300) | (146,300) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(1,566,741)</u> | <u>(2,831,041)</u> | <u>(2,815,939)</u> | <u>15,102</u> |
| <i>Net Change in Fund Balance</i> | <u>(1,515,056)</u> | <u>(2,727,354)</u> | <u>(1,689,109)</u> | <u>1,038,245</u> |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 4,411,019 | 4,411,019 | 4,411,019 | 0 |
| Prior Year Encumbrances Appropriated | 857,905 | 857,905 | 857,905 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$3,753,868</u> | <u>\$2,541,570</u> | <u>\$3,579,815</u> | <u>\$1,038,245</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police and Fire Levy Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual | (Optional) Variance with Final Budget Positive (Negative) |
|--|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property Taxes | \$593,595 | \$657,551 | \$642,357 | (\$15,194) |
| Intergovernmental | 82,891 | 91,822 | 89,700 | (2,122) |
| Miscellaneous | 195 | 216 | 211 | (5) |
| <i>Total Receipts</i> | <i>676,681</i> | <i>749,589</i> | <i>732,268</i> | <i>(17,321)</i> |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,798,289 | 1,816,738 | 1,701,407 | 115,331 |
| Capital Outlay | 93,902 | 185,202 | 184,904 | 298 |
| <i>Total Disbursements</i> | <i>1,892,191</i> | <i>2,001,940</i> | <i>1,886,311</i> | <i>115,629</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>(1,215,510)</i> | <i>(1,252,351)</i> | <i>(1,154,043)</i> | <i>98,308</i> |
| Other Financing Source | | | | |
| Transfers In | 1,077,488 | 1,193,580 | 1,166,000 | (27,580) |
| <i>Total Other Financing Sources (Uses)</i> | <i>1,077,488</i> | <i>1,193,580</i> | <i>1,166,000</i> | <i>(27,580)</i> |
| <i>Net Change in Fund Balance</i> | <i>(138,022)</i> | <i>(58,771)</i> | <i>11,957</i> | <i>70,728</i> |
| <i>Unencumbered Fund Balance Beginning of Year</i> | <i>89,998</i> | <i>89,998</i> | <i>89,998</i> | <i>0</i> |
| <i>Prior Year Encumbrances Appropriated</i> | <i>20,911</i> | <i>20,911</i> | <i>20,911</i> | <i>0</i> |
| <i>Unencumbered Fund Balance End of Year</i> | <i>(\$27,113)</i> | <i>\$52,138</i> | <i>\$122,866</i> | <i>\$70,728</i> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
SCM&R Fund
For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | (Optional) |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | Variance with Final Budget Positive (Negative) |
| Receipts | | | | |
| Intergovernmental | \$51,198 | \$130,853 | \$139,028 | \$8,175 |
| Fines, Licenses and Permits | 5,544 | 14,169 | 15,054 | 885 |
| Earnings on Investments | 650 | 1,661 | 1,765 | 104 |
| <i>Total Receipts</i> | <u>57,392</u> | <u>146,683</u> | <u>155,847</u> | <u>9,164</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | 519,377 | 1,283,477 | 1,184,102 | 99,375 |
| <i>Total Disbursements</i> | <u>519,377</u> | <u>1,283,477</u> | <u>1,184,102</u> | <u>99,375</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(461,985)</u> | <u>(1,136,794)</u> | <u>(1,028,255)</u> | <u>108,539</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 417,608 | 1,067,317 | 1,134,000 | 66,683 |
| <i>Total Other Financing Sources (Uses)</i> | <u>417,608</u> | <u>1,067,317</u> | <u>1,134,000</u> | <u>66,683</u> |
| <i>Net Change in Fund Balance</i> | (44,377) | (69,477) | 105,745 | 175,222 |
| <i>Unencumbered Fund Balance Beginning of Year</i> | 23,074 | 23,074 | 23,074 | 0 |
| Prior Year Encumbrances Appropriated | 49,377 | 49,377 | 49,377 | 0 |
| <i>Unencumbered Fund Balance End of Year</i> | <u>\$28,074</u> | <u>\$2,974</u> | <u>\$178,196</u> | <u>\$175,222</u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2013

| | <u>Agency</u> |
|---|-------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$101,925</u> |
| <i>Total Position</i> | <u><u>\$101,925</u></u> |
| Net Position | |
| Held in Trust for Deposits/Unclaimed Funds: | |
| Nonexpendable | <u>\$101,925</u> |
| <i>Total Net Position</i> | <u><u>\$101,925</u></u> |

See accompanying notes to the basic financial statements

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 1 - Reporting Entity

The Village of Moreland Hills (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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general governmental services, including road maintenance, police service, sanitary/storm sewer facilities, building inspections, and zoning. The Village contracts with the Village of Chagrin Falls to provide fire protection and ambulance services.

Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

Jointly Governed Organizations

The Village participates in four jointly governed organizations. Note 13 to the financial statements provide additional information for these entities.

These organizations are:

Chagrin Valley Dispatch Council: The Chagrin Valley Dispatch Council (the Council) is a council of governments that oversees police, fire, and emergency dispatch services. The Council gives each participating community a voice in how the dispatch services are operated.

Chagrin/Southeast Council of Governments: The Chagrin/Southeast Council of Governments is a council of governments that oversees the handling of hazardous materials in the region.

Northeast Ohio Public Energy Council: Northeast Ohio Public Energy Council is a regional council of governments formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas.

Valley Enforcement Regional Council of Governments: Valley Enforcement Regional Council of Governments is a council of governments formed to foster cooperation among political subdivisions through sharing of facilities for their common benefit.

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

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net positions and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net position presents the cash and investment balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements for a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 in two categories: governmental and fiduciary.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds: The General Fund, Police and Fire Levy Fund, Streets Construction Maintenance and Repair (SCM&R) Fund, and Waste Water Treatment Plant (WWTP) Expansion Fund in both 2014 and 2013, and the Property Improvement Fund in 2013. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Police and Fire Levy Fund receives real estate tax, homestead and rollback and personal property tax money for police, fire, and emergency medical services for the Village. The SCM&R Fund accounts for and reports the portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village. The Property Improvement Fund was primarily funded from Estate Tax revenues and has been used for acquisition and major improvements of properties. The WWTP Expansion Fund is a capital improvement fund which accounts for and reports that portion of municipal income tax committed by Council for the purpose of improving, constructing, and purchasing those items necessary to enhance the operation of the Village's waste water systems and pump stations.

The other governmental funds of the Village account for grants and other resources whose use is restricted or committed to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency fund accounts for the Guaranteed Deposits (Building) Fund and the Unclaimed Fund.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

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

Cash and Investments

Village records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2014 and 2013, the Village invested in Federal Government Agencies, Dollar Bank Money Market, Star Plus and STAR Ohio. All Village investments are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014 and December 31, 2013.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 and 2013 were \$19,050 and \$23,376, respectively. Interest was also allocated to the SCM&R Fund and Other Governmental Funds in the amounts of \$2,006 and \$387, respectively, in 2014, and \$1,765 and \$471, respectively, in 2013.

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village had no restricted net positions. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

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 is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis), and outstanding year end advances are treated as another financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at December 31, 2014 (budgetary basis) amounted to \$1,459,149, \$6,086 and \$83,908 for the General, Police and Fire Levy and SCM&R Funds, respectively. The encumbrances outstanding at December 31, 2013 (budgetary basis) amounted to \$1,033,765, \$5,653 and \$207,645 for the General, Police and Fire Levy and SCM&R Funds, respectively.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 4 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits.

The face value of the pooled collateral must equal at least 105 percent of public funds on deposit with that specific institution. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institution. At December 31, 2014 and 2013, the Village had book balances of \$344,303 and \$1,549,641 respectively. Of the Village's 2014 bank balance of \$379,614, \$129,614 was uninsured and collateralized with securities held by the pledging financial institution's trust department, not in the Village's name. Of the Village's 2013 bank balance of \$1,912,730, \$1,662,730 was uninsured and collateralized with securities held by the pledging financial institution's trust department, not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 4 – Deposits and Investments (Continued)

Investments

As of December 31, 2014 and 2013, the Village had the following investments:

| | <u>2014 Fair Value</u> | <u>2013 Fair Value</u> | <u>Maturity</u> |
|--------------------------|------------------------|------------------------|-----------------|
| FFCB Notes | \$2,149,000 | \$185,000 | 2 - 3 years |
| FHLB Notes | 1,300,000 | 1,530,000 | 2 - 3 years |
| FHLMC Notes | 250,000 | 0 | 2 - 3 years |
| Dollar Bank Money Market | 1,216,944 | 2,212,798 | 30 days |
| STAR Ohio | 1,057,494 | 1,057,145 | 30 days |
| STAR Plus | 502,438 | 501,435 | 30 days |
| Total Portfolio | <u>\$6,475,876</u> | <u>\$5,486,378</u> | |

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The security underlying the repurchase agreement, the Federal Farm Credit Bank notes carry a rating of AA+ by Standard and Poor's. The Federal Home Loan Bank notes carry a rating of AAA by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Rev. Code §135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2014 and 2013:

| Investment Issuer | 2014 Percentage of Investments | 2013 Percentage of Investments |
|--------------------------|-----------------------------------|-----------------------------------|
| FFCB Notes | 33.19% | 3.37% |
| FHLB Notes | 18.53% | 27.89% |
| FHLMC Notes | 5.40% | 0.00% |
| Dollar Bank Money Market | 18.79% | 40.33% |
| Star Plus | 7.76% | 9.14% |
| Star Ohio | 16.33% | 19.27% |
| | 100.00% | 100.00% |

Note 5 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2014 and 2013 for real and public utility property taxes represents collections of 2013 and 2012 taxes, respectively. 2014 and 2013 real property taxes are levied after October 1, 2013 and 2012, respectively, on the assessed value as of January 1, 2013 and 2012, the lien dates. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 and 2013 public utility property taxes which became liens on December 31, 2013 and 2012, respectively, are levied after October 1, 2013 and 2012 and are collected in 2015 and 2014 with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2014 and 2013, was \$7.30 per \$1,000 of the assessed value. The assessed values of real property and public utility tangible property upon which 2014 and 2013 property tax receipts were based are as follows:

| | 2014 | 2013 |
|----------------------------------|---------------|---------------|
| Real Property | \$235,614,750 | \$234,481,260 |
| Other Real Estate | 7,060,810 | 6,618,680 |
| Public Utility Personal Property | 2,182,780 | 1,985,150 |
| Total Assessed Value | \$244,858,340 | \$243,085,090 |

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 6 - Property Taxes (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014 and 2013, the Village contracted with several companies for various types of insurance as follows:

| Type of Coverage | 2014 Coverage | 2013 Coverage | Deductible |
|--|---------------|---------------|------------|
| Selective Insurance Company | | | |
| Blanket Property and Contents, Replacement | \$9,313,669 | \$8,334,277 | \$1,000 |
| General Liability | 2,000,000 | 2,000,000 | 1,000 |
| Automobile Liability | 1,000,000 | 1,000,000 | 250 |
| Public Officials Liability | 1,000,000 | 1,000,000 | 5,000 |
| Police Professional Liability | 1,000,000 | 1,000,000 | 2,500 |
| Employee Benefits | 1,000,000 | 1,000,000 | 1,000 |
| Umbrella Excess Liability | 10,000,000 | 10,000,000 | 0 |

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

The Village's employee health care is provided by Medical Mutual of Ohio. The Village pays a monthly premium for single, married, and family coverage.

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to, but less than, the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional plan.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 8 – Defined Benefit Pension Plans (Continued)

A. Ohio Public Employees Retirement System (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2014 and 2013, members in state and local divisions contributed 10 percent of covered payroll.

The Village's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$142,274, \$146,639 and \$107,498 respectively. The full amount has been contributed for each year.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – From January 1, 2013 thru June 30, 2013, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. From July 1, 2013 thru June 30, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 1, 2014 to December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. The Village's contribution was 19.5 percent for police officers. Contribution rates are established by State statute. The Village's required contributions to OP&F for the years ended December 31, 2014, 2013, and 2012 were \$177,781, 171,659, and \$127,654 respectively. The full amount has been contributed for 2014, 2013 and 2012.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan. For qualifying members of the Traditional Pension and Combined Plans, this plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement. Those belonging to the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 9 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local government employers contributed at 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits.

The employer contribution allocated to the health care plan was 2 percent of the covered payroll in 2014 and 1 percent of the covered payroll in 2013. The portion of the employer contributions allocated to health care for members in the Combined Plan was 2 percent. The Village's actual contributions for 2014, 2013 and 2012 were \$23,712, \$11,280, and \$42,999 respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and coverage selected.

The OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008 which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

The Village of Moreland Hills contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple employer defined post-employment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

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

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 9 - Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at the rate expressed as percentages of the payroll of active pension plan members, currently 19.5 percent of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units. Active members do not make contributions to the OPEB plan.

OP&F maintains funds for health care in two separate accounts: One for health care benefits under IRS Code Section 115 trust and the other for Medicare Part B reimbursements administered under the Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2014 thru December 31, 2014 and 4.69 percent of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85 percent of covered payroll from June 1, 2013 thru December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

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

The portions of the Village's contributions that were used to pay post-employment benefits for 2014, 2013 and 2012 were \$4,775, \$39,087, \$67,581, for police respectively.

Social Security: Some Council members have elected to contribute to Social Security. The contribution rate for 2014 and 2013 was both 6.2%.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2014 was as follows:

| <u>Governmental Activities</u> | <u>Interest Rate</u> | <u>Debt Outstanding 1/1/14</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Principal 12/31/14</u> | <u>Due Within One Year</u> |
|---|----------------------|--------------------------------|------------------|-------------------|----------------------------------|----------------------------|
| 2011 Various Purp Refund Bond (Original Amount: \$765,000) | 2.25% | \$395,000 | \$0 | \$125,000 | \$270,000 | \$135,000 |
| 2007 OPWC Loan (Original Amount: \$252,719) | 1% | 182,123 | 0 | 12,182 | 169,941 | 12,304 |
| 2009 OPWC Loan (Original Amount: \$121,865) | 0% | 100,538 | 0 | 6,093 | 94,445 | 6,093 |
| 2013 OPWC Loan (Original Amount \$55,293) | 1% | <u>0</u> | <u>55,293</u> | <u>2,511</u> | <u>52,782</u> | <u>2,535</u> |
| Total Governmental Activities | | <u>\$677,661</u> | <u>\$55,293</u> | <u>\$145,786</u> | <u>\$587,168</u> | <u>\$155,932</u> |

The Village's long-term debt activity for the year ended December 31, 2013 was as follows:

| <u>Governmental Activities</u> | <u>Interest Rate</u> | <u>Debt Outstanding 1/1/13</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Principal 12/31/13</u> | <u>Due Within One Year</u> |
|---|----------------------|--------------------------------|------------------|-------------------|----------------------------------|----------------------------|
| 2011 Various Purp Refund Bond (Original Amount: \$765,000) | 1.75% | \$520,000 | \$0 | \$125,000 | \$395,000 | \$125,000 |
| 2007 OPWC Loan (Original Amount: \$252,719) | 1% | 194,185 | 0 | 12,062 | 182,123 | 12,182 |
| 2009 OPWC Loan (Original Amount: \$121,865) | 0% | <u>106,631</u> | <u>0</u> | <u>6,093</u> | <u>100,538</u> | <u>6,093</u> |
| Total Governmental Activities | | <u>\$820,816</u> | <u>\$0</u> | <u>\$143,155</u> | <u>\$677,661</u> | <u>\$143,275</u> |

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available and the special assessment bonds are against the individual property owners to meet annual principal and interest payments.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 10 – Debt (Continued)

The Village currently has three loans through the Ohio Public Works Commission (OPWC). The first loan from 2007 relates to the Bentleyville Road water main replacement. The loan will be repaid in semiannual installments, including interest, over 20 years. The loan will be repaid from property tax receipts. The 2009 OPWC Loan relates to the Chagrin Boulevard Slope Stabilization. This loan will also be repaid in semiannual installments over 20 years. The 2009 OPWC Loan is free of interest. The 2013 OPWC Loan relates to the Jackson Valley Wastewater Treatment Plant Improvements. This loan will be repaid in semiannual installments, including interest, over 20 years. The loan will be repaid from property tax receipts.

The following is a summary of the Village's future annual debt service requirements:

| Year | Refunding Bonds | | 2007 OPWC Loan | | 2009 OPWC Loan | | 2013 OPWC Loan | |
|---------------|------------------|-----------------|------------------|-----------------|-----------------|------------|-----------------|----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2015 | \$135,000 | \$7,087 | \$12,304 | \$1,669 | \$6,093 | \$0 | \$2,535 | \$522 |
| 2016 | 135,000 | 3,713 | 12,428 | 1,545 | 6,093 | 0 | 2,561 | 496 |
| 2017 | 0 | 0 | 12,552 | 1,421 | 6,093 | 0 | 2,587 | 470 |
| 2018 | 0 | 0 | 12,678 | 1,295 | 6,093 | 0 | 2,613 | 444 |
| 2019 | 0 | 0 | 12,805 | 1,168 | 6,093 | 0 | 2,639 | 418 |
| 2020-2024 | 0 | 0 | 65,978 | 3,888 | 30,466 | 0 | 13,597 | 1,689 |
| 2025-2029 | 0 | 0 | 41,196 | 723 | 30,466 | 0 | 14,292 | 994 |
| 2030-2033 | 0 | 0 | 0 | 0 | 3,048 | 0 | 11,958 | 271 |
| Totals | \$270,000 | \$10,800 | \$169,941 | \$11,709 | \$94,445 | \$0 | \$52,782 | \$5,304 |

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014 and 2013, were overall debt margins of \$25,826,658 and \$25,577,023, and unvoted debt margins of \$13,583,741 and \$13,422,769, respectively.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2014:

| Fund Balances | General | Police & Fire Levy | SCM&R | WWTP Expansion | Other Governmental Funds | Total |
|--------------------------------|--------------------|-----------------------|------------------|-------------------|--------------------------------|--------------------|
| Restricted for | | | | | | |
| Road Improvements | \$0 | \$0 | \$248,986 | \$0 | \$129,061 | \$378,047 |
| Police Operations | 0 | 193,575 | 0 | 0 | 0 | 193,575 |
| Drug and Alcohol Ed & Enforce. | 0 | 0 | 0 | 0 | 240 | 240 |
| Police Pension | 0 | 0 | 0 | 0 | 7,285 | 7,285 |
| Community Diversion Program | 0 | 0 | 0 | 0 | 7,646 | 7,646 |
| Law Enforcement Trust | 0 | 0 | 0 | 0 | 8,904 | 8,904 |
| R U OK Fund | 0 | 0 | 0 | 0 | 1,000 | 1,000 |
| POC Grant Fund | 0 | 0 | 0 | 0 | 34,072 | 34,072 |
| Debt Service | 0 | 0 | 0 | 0 | 386,532 | 386,532 |
| Sewage Treatment System | 0 | 0 | 0 | 0 | 301,385 | 301,385 |
| WWTP Expansion | 0 | 0 | 0 | 956,390 | 0 | 956,390 |
| <i>Total Restricted</i> | <u>0</u> | <u>193,575</u> | <u>248,986</u> | <u>956,390</u> | <u>876,125</u> | <u>2,275,076</u> |
| Committed to | | | | | | |
| Emergency Ambulance | 0 | 0 | 0 | 0 | 3,807 | 3,807 |
| Water Maintenance and Repair | 0 | 0 | 0 | 0 | 4,354 | 4,354 |
| Property Imp and Additions | 0 | 0 | 0 | 0 | 181,507 | 181,507 |
| Other Capital Projects | 0 | 0 | 0 | 0 | 47,042 | 47,042 |
| <i>Total Committed</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>236,710</u> | <u>236,710</u> |
| Unassigned | 4,206,870 | 0 | 0 | 0 | 0 | 4,206,870 |
| <i>Total Fund Balances</i> | <u>\$4,206,870</u> | <u>\$193,575</u> | <u>\$248,986</u> | <u>\$956,390</u> | <u>\$1,112,835</u> | <u>\$6,718,656</u> |

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 11 – Fund Balances (Continued)

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below for 2013:

| Fund Balances | General | Police & Fire Levy | SCM&R | Property Improvement | WWTP Expansion | Other Governmental Funds | Total |
|--------------------------------|--------------------|-----------------------|------------------|-------------------------|-------------------|--------------------------------|--------------------|
| Restricted for | | | | | | | |
| Road Improvements | \$0 | \$0 | \$385,842 | \$0 | \$0 | \$124,092 | \$509,934 |
| Police Operations | 0 | 128,519 | 0 | 0 | 0 | 0 | 128,519 |
| Drug and Alcohol Ed & Enforce. | 0 | 0 | 0 | 0 | 0 | 240 | 240 |
| Police Pension | 0 | 0 | 0 | 0 | 0 | 32,207 | 32,207 |
| Community Diversion Program | 0 | 0 | 0 | 0 | 0 | 7,646 | 7,646 |
| Law Enforcement Trust | 0 | 0 | 0 | 0 | 0 | 8,443 | 8,443 |
| R U OK Fund | 0 | 0 | 0 | 0 | 0 | 1,000 | 1,000 |
| POC Grant Fund | 0 | 0 | 0 | 0 | 0 | 34,072 | 34,072 |
| SWIF Grant Fund | 0 | 0 | 0 | 0 | 0 | 66,837 | 66,837 |
| Debt Service | 0 | 0 | 0 | 0 | 0 | 448,089 | 448,089 |
| Sewage Treatment System | 0 | 0 | 0 | 0 | 0 | 264,234 | 264,234 |
| WWTP Expansion | 0 | 0 | 0 | 0 | 701,565 | 0 | 701,565 |
| <i>Total Restricted</i> | <u>0</u> | <u>128,519</u> | <u>385,842</u> | <u>0</u> | <u>701,565</u> | <u>986,860</u> | <u>2,202,786</u> |
| Committed to | | | | | | | |
| Emergency Ambulance | 0 | 0 | 0 | 0 | 0 | 3,807 | 3,807 |
| Water Maintenance and Repair | 0 | 0 | 0 | 0 | 0 | 10,399 | 10,399 |
| Property Imp and Additions | 0 | 0 | 0 | 56,457 | 0 | 47,042 | 103,499 |
| Other Capital Projects | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| <i>Total Committed</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>56,457</u> | <u>0</u> | <u>61,251</u> | <u>117,708</u> |
| Unassigned (deficits): | <u>4,613,580</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>4,613,580</u> |
| <i>Total Fund Balances</i> | <u>\$4,613,580</u> | <u>\$128,519</u> | <u>\$385,842</u> | <u>\$56,457</u> | <u>\$701,565</u> | <u>\$1,048,111</u> | <u>\$6,934,074</u> |

Note 12 - Interfund Transfers

During 2014 the following transfers were made:

| Transfers To | Transfers From | | Total |
|--------------------------|--------------------|--------------------------------|--------------------|
| | General | Other Governmental Funds | |
| General | \$0 | \$292,012 | \$292,012 |
| Police & Fire Levy | 1,171,000 | 0 | 1,171,000 |
| SCM&R | 525,000 | 0 | 525,000 |
| Other Governmental Funds | 752,581 | 0 | 752,581 |
| Total | <u>\$2,448,581</u> | <u>\$292,012</u> | <u>\$2,740,593</u> |

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 12 - Interfund Transfers (Continued)

During 2013 the following transfers were made:

| Transfers To | Transfers From |
|--------------------------|-----------------------|
| | General |
| Police & Fire Levy | \$1,166,000 |
| SCM&R | 1,134,000 |
| Other Governmental Funds | 457,500 |
| Total | \$2,757,500 |

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations or the extinguishing of funds being closed into the General Fund.

The general fund transfers to the above funds were made to provide additional resources for current operations and capital improvements.

The Village is currently involved in a major restructure of its sewage treatment plants.

Note 13 – Jointly Governed Organizations

Chagrin Valley Dispatch Council

The Village is a member of the Chagrin Valley Dispatch Council (CVDC), a jointly governed organization. CVDC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. CVDC was formed to promote cooperative arrangements and coordinate action in matters relating to the dispatch of public safety services and the operation of a communications center. During 2014 and 2013, the Village contributed \$120,914 and \$212,191, respectively, to CVDC. Both payments were for dispatch services and other emergency related fees (Reverse 911). Financial information can be obtained by contacting the Village of Chagrin Falls, 21 West Washington Street, Chagrin Falls, Ohio, 44022.

Chagrin/Southeast Council of Governments

The Village is a member of the Chagrin/Southeast Council of Governments (the Council). The Council operates the Chagrin/Southeast HazMat Response Team (the Team). The Team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. During 2014 and 2013, the Village contributed \$3,500 and \$1,458, respectively, to the Council. Financial information can be obtained by contacting the Village of Glenwillow, 29555 Pettibone Road, Glenwillow, Ohio, 44139.

Village of Moreland Hills, Ohio
Cuyahoga County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 13 – Jointly Governed Organizations (Continued)

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 over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity 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 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 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 2014 or 2013. Financial information can be obtained by contacting NOPEC, 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Valley Enforcement Regional Council of Governments

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (“VEG”), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is currently comprised of fifteen communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2014 and 2013, the Village contributed \$7,000 to VERCOG each year. Financial information can be obtained by contacting the City of Pepper Pike, 28000 Shaker Blvd., Pepper Pike, Ohio, 44124.

Note 14 – Public Entity Risk Pool

The Village used to participate in the Ohio Municipal League Group Rating Plan but currently is not a member of any group rating programs.

Note 15 – Related Party Transactions

The Village contracted with Chagrin Valley Engineering, Ltd. to provide services in connection with the construction of public improvements. The Village Engineer is an employee of Chagrin Valley Engineering, Ltd. During 2014 and 2013, the Village paid \$235,285 and \$207,302, respectively, to Chagrin Valley Engineering, Ltd.

The Village contracted with Colleen Fritz to provide necessary services in connection with editing, layout and related professional consulting for the Village newsletter. Colleen Fritz is the wife of Daniel Fritz, Village Council member. During 2014 and 2013, the Village paid \$3,000 to Colleen Fritz each year.



Dave Yost • Auditor of State

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

Village of Moreland Hills
Cuyahoga County
4350 S.O.M. Center Road
Moreland Hills, Ohio 44022

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 governmental activities, each major fund, and the aggregate remaining fund information of the Village as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 29, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

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*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

May 29, 2015

VILLAGE OF MORELAND HILLS
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013

FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2014-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following weaknesses were noted and subsequent adjustments made by the Village to its financial statements and, where applicable, accounting system, for 2014:

- The Village improperly posted \$61,665 in the General Fund and Governmental Activities as Basic Utility Service disbursements, \$37,904 in the Police and Fire Levy Fund and Governmental Activities as Security of Persons and Property disbursements, and a corresponding \$99,569 as Other Financing Source in its Other Governmental Funds and Miscellaneous general receipts in its Governmental Activities; and
- The Village misposted \$114,024 in Capital Grants and Contributions - General Government receipts and \$312,221 in Miscellaneous receipts as Grants and Entitlements Not Restricted to Specific Programs general receipts in its Governmental Activities.

In 2013, the Village did not properly present the Property Improvement Fund as a major fund, resulting in subsequent adjustments being made by the Village to its financial statements.

In addition, the Village did not accurately display its budgetary comparisons for the General, Police and Fire Levy and SCM&R Funds in 2014 or 2013. Various percentages and calculations were also incorrectly reported within the Village's Deposits and Investments, Debt, Fund Balances and Interfund Transfers note disclosures, as well as Management's Discussion and Analysis, requiring additional significant changes.

The lack of controls over the posting of financial transactions and financial reporting resulted in several errors and mispostings that required adjustments, and numerous modifications to the original financial reports by the Village.

We recommend the Village take appropriate measures to help ensure financial reports are in agreement with its accounting system and previous financial report balances, and balances reflect the actual financial activity of the Village.

Official's Response: We did not receive a response from Officials to this finding.

**VILLAGE OF MORELAND HILLS
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---------------------|------------------|--|
| 2012-001 | Financial Reporting | No | Partially Corrected |



Dave Yost • Auditor of State

VILLAGE OF MORELAND HILLS

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
JULY 7, 2015**