

Village of Bratenahl

2025 Year End Hinkle Notes

Village of Bratenahl, Ohio
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 1 — Reporting Entity

The Village of Bratenahl (the Village), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides general government services including police services, a Service department, Mayor's Court, Building Department and a community center. In addition, the Village contracts for police dispatching with the Chagrin Valley Dispatch Council of Governments and with the City of Cleveland for Fire and Emergency Medical Services. Local income taxes are collected by the Regional Income Tax Agency (RITA).

The Village participates in Northeast Ohio Public Energy Council (NOPEC) and the Chagrin Valley Dispatch Council of Governments. Note 12 to the financial statements describes these entities.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair (2011, 2021): These funds receive intergovernmental revenues collected by the State of Ohio from gasoline tax and motor vehicle license registration. These funds are used for constructing, maintaining and repairing road and streets located within the Village.

Court Computer Fund (2901): This fund is used to account for court costs paid by defendants related to the computerization and technological upgrades of the Mayor's Court.

Restricted Income Tax Fund (2071): This fund is funded by two percent portion of total income tax collected by the Village. Proper expenditures include any police department expense, Fire and EMS contract billing with the City of Cleveland, and for Service Department major equipment purchases.

Debt Service Funds: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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The Village had the following significant Debt Service Funds:

General Bond/Note Obligation Fund- This fund receives transfers debt proceeds which are used to service bond issuances.

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

Other Capital Project: This fund received funds from an interest free loan from the Department of Public Works Commission which was used for Village Road projects.

Capital Project Reserve Fund: This fund receives transferred funds from the General Fund for purposes of paying towards various capital project expenditures.

Custodial funds are purely custodial in nature and are used to hold resources for individuals, organizations and/or other governments. The Village disburses these funds as directed by the individual, organization or and/or other government. The Village's agency funds account for the Juvenile Diversion Fund, Health Care Fund, and Mayor's Court and Bail Bonds Funds.

Basis of Accounting

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

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

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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Encumbrances: The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated. A summary of 2025 budgetary activity appears in Note 4.

Deposits and Investments

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

The Village utilizes UBS Financial Services to manage the investments which are primarily certificates of deposits reported at cost.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as an employee retiring from the Village after a decade or more of continuous service, he or she is entitled to cash payments for a portion of unused sick leave and accumulated vacation and holidays.

Fund Balance

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

Non-spendable: The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 — Compliance

Revenues for 2025 exceeded appropriations in all funds.

Note 4 — Budgetary Activity

Budgetary activity for the year ending December 31, 2025 as follows:

2025 Budgeted vs. Actual Receipts			
Type	Budgeted	Actual	Variance
General	\$5,126,000	\$4,353,132	(\$772,868)
Special Revenue	686,500	696,709	\$10,209
Total	\$5,812,500	\$5,049,841	(\$76,159)

Note 5 — Deposits and Investments

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

	2025
Cash Management Pool:	
Demand deposits - primary checking	\$90,914
Certificates of deposit	0
Other time deposits (savings and NOW accounts)	0
Total deposits	<u>\$90,914</u>
UBS	\$471,208
STAR Ohio	1,768
Total investments	<u>\$472,976</u>
Total carrying amount of deposits and investments held in the Pool	\$563,890

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The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2025, the Village is holding \$0.00 in unremitted employee payroll withholdings.

Deposits

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

Note 6 — Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the September 2025 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

The Village levies a municipal income tax of 2.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimate taxes quarterly and file a declaration annually.

Note 7 - Risk Management

Workers' Compensation

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public Office dishonesty;
- Vehicles;
- Fireworks and;

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- Errors and omissions

The Village also provides health, dental and life insurance coverage to full-time employees through a private carrier.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Full-time and all Part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2025.

Ohio Police and Fire Retirement System

The Village has certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F) OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages respectively. The Village has paid all contributions required through December 31, 2025.

Note 9 — Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2025. The portion of employer contributions allowed to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2025. OP&F contributes 0.5 percent during calendar year 2025. Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 10 - Debt

Debt outstanding at December 31, 2025, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$2,078,208	4.24%
DOPWIC	<u>217,230</u>	0%
Total	\$2,295,438	

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The Village converted the Service Garage/Salt Shed and Lake Shore Blvd improvement notes into a 15-year bond in August 2023.

The Village has an interest free loan from the State of Ohio Department of Public Works Commission, for various water main replacements and street repairs.

Note 11 — Jointly Governed Organizations

Northeast Ohio Public Energy Council (NOPEC)

The Village is a member of the Northeast Ohio Public Energy Council ("NOPEC"), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and/or natural gas on behalf of their citizens. The intent of NOPEC is provide electricity and/or natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and/or natural gas to the citizens of its member communities. NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by a participating government is limited to its representation in the General Assembly and on the Board of Director. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Solon, Ohio 44139.

In addition, the Village has joined the Chagrin Valley Dispatch, a regional council of governments formed under Chapter 167 of the Ohio Revised Code in order to provide the Village with dispatching services

Note 12 — Public Entity Risk Pool

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

Note 13 — Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the total encumbrances for the general fund was \$47,498.

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The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the non-spendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.