



**CUYAHOGA ARTS AND CULTURE
CUYAHOGA COUNTY
DECEMBER 31, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Cuyahoga Arts and Culture
Cuyahoga County
1422 Euclid Avenue, Suite 400-5
Cleveland, Ohio 44115

To the Board of Trustees:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of Cuyahoga Arts and Culture, Cuyahoga County, Ohio (the CAC), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the CAC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Cuyahoga Arts and Culture, Cuyahoga County, Ohio as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the CAC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CAC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CAC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CAC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the CAC's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2025, on our consideration of the CAC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CAC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CAC's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 3, 2025

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Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis For the Year Ended December 31, 2024 Unaudited

The discussion and analysis of Cuyahoga Arts & Culture (CAC) financial performance provides an overall review of CAC's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to look at CAC's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of CAC's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Cuyahoga Arts & Culture has completed its eighteenth year of operations with a decrease in net position from the prior year. This decrease was planned as CAC intentionally uses its unencumbered general fund to provide steady grant funding as cigarette tax revenue continues to decline.
- Investment revenues decreased from 2023 levels in the investment portfolio as the return on investments and interest rates decreased during 2024.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand CAC as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of CAC, presenting both an aggregate and a longer-term view of those finances. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of CAC. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting on the Cuyahoga Arts & Culture as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report CAC's net position and the changes in that position. The change in net position is important because it tells the reader whether, for CAC as a whole, the financial position of CAC has improved or diminished.

All of CAC's programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consist of functions that are principally supported by excise tax revenues. Activities include arts and cultural grantmaking and administration.

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2024

Unaudited

Reporting on the Most Significant Fund

Governmental Fund

The presentation for CAC's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of CAC's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. The relationship (or difference) between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and the general fund is reconciled in the financial statements.

Cuyahoga Arts & Culture as a Whole

Recall that the Statement of Net Position looks at CAC as a whole. Table 1 provides a summary of CAC's net position for 2024 as compared to 2023.

Table 1
Net Position

	2024	2023	Change
Assets			
Current and Other Assets	\$11,798,913	\$14,646,207	(\$2,847,294)
Net OPEB Asset	25,802	0	25,802
Capital Assets	4,458	3,671	787
<i>Total Assets</i>	<u>11,829,173</u>	<u>14,649,878</u>	<u>(2,820,705)</u>
Deferred Outflows of Resources			
Pension	98,709	127,333	(28,624)
OPEB	36,379	70,318	(33,939)
<i>Total Deferred Outflows of Resources</i>	<u>135,088</u>	<u>197,651</u>	<u>(62,563)</u>
Liabilities			
Current and Other Liabilities	1,288,823	1,475,371	(\$186,548)
Long-Term Liabilities:			
Due Within One Year	12,797	612	12,185
Due In More Than One Year:			
Net Pension Liability	209,967	215,050	5,083
Net OPEB Liability	0	19,275	19,275
Other Amounts	434	14,483	14,049
<i>Total Liabilities</i>	<u>\$1,512,021</u>	<u>\$1,724,791</u>	<u>\$212,770</u>

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2024

Unaudited

Table 1
Net Position (continued)

	2024	2023	Change
Deferred Inflows of Resources			
Pension	\$53	\$2,455	\$2,402
OPEB	14,892	6,694	(\$8,198)
<i>Total Deferred Inflows of Resources</i>	<u>14,945</u>	<u>9,149</u>	<u>(\$5,796)</u>
Net Position			
Investment in Capital Assets	4,458	3,671	787
Restricted for:			
Pension/OPEB Plans	25,802	0	25,802
Unrestricted	<u>10,407,035</u>	<u>13,109,918</u>	<u>(2,702,883)</u>
<i>Total Net Position</i>	<u>\$10,437,295</u>	<u>\$13,113,589</u>	<u>(\$2,676,294)</u>

New Accounting Pronouncements

For 2024, the CAC implemented GASB Statement No. 101 *Compensated Absences*. The CAC also implemented GASB Statement No. 100 *Accounting Changes and Error Corrections*, which does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The implementation of GASB 101 resulted in recognizing a decrease in compensated absences liabilities of \$60 in governmental activities at January 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense. (See Note 13)

Governmental Activities

The net pension liability (NPL) is among the largest liabilities reported by CAC at December 31, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, CAC is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2024

Unaudited

portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Unrestricted net position is primarily attributed to the collection of the County levied cigarette tax on the sale of cigarettes. At the election held on November 7, 2006, the electors in the County approved the levy of a tax on the sale of cigarettes at wholesale at the rate of 15 mills per cigarette (amounting to 1-1/2 cents per cigarette) for a period of ten years beginning February 1, 2007. The tax is collected at the wholesale level by the Excise and Motor Fuel Tax Division of the Ohio Department of Taxation. The levy was renewed, at the same millage, for an additional ten years by the electors of Cuyahoga County on November 3, 2015. Tax collections will continue through January 31, 2027. Tax revenues are remitted monthly to CAC.

Total assets decreased primarily due to a decrease in cash and investments as CAC used its unencumbered general fund to provide steady grant funding.

Current liabilities decreased due to a decrease in grants payable. Long-term liabilities decreased during 2024 due to an decrease in net pension and OPEB liabilities which represent CAC's proportionate share of the OPERS traditional and combined plan's unfunded benefits.

Table 2 shows the changes in net position for the years ended December 31, 2024 as compared to 2023.

Table 2
Changes in Net Position

	2024	2023	Change
Revenues			
General Revenue			
Cigarette Tax	\$8,889,512	\$10,083,086	(\$1,193,574)
Investment Earnings/Interest	558,944	654,048	(95,104)
Contributions and Donations	41,000	0	41,000
Miscellaneous	940	0	940
Total Revenues	9,490,396	10,737,134	(1,246,738)
Program Expenses			
Arts and Culture Grantmaking	11,604,582	12,760,372	1,155,790
General Government	562,048	531,765	(30,283)
Interest	0	77	77
Total Program Expenses	12,166,630	13,292,214	1,125,584
Change in Net Position	(2,676,234)	(2,555,080)	(121,154)
Net Position Beginning of Year as Previously Reported	13,113,589	15,668,669	(2,555,080)
Restatement - Change in Accounting Principle	(60)	0	(60)
Restated Net Position Beginning of Year	13,113,529	15,668,669	(2,555,140)
Net Position End of Year	\$10,437,295	\$13,113,589	(\$2,676,294)

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2024

Unaudited

New Accounting Pronouncements

The above table separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2023 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 13.)

Governmental Activities

The main revenue source for CAC is the collection of the County levied cigarette tax. Collections have declined fairly consistently since the creation of CAC. The voters passed a ten-year extension of the current levy on November 3, 2015. The passage of this levy will result in an additional ten years of funding from the 30 cents per pack levied on cigarettes in Cuyahoga County. The purpose of the cigarette tax is to support the operating or capital needs of arts or cultural organizations located in the County and the operations of Cuyahoga Arts & Culture. During 2024, cigarette tax revenue decreased by \$1,193,574 from 2023.

Cuyahoga Arts & Culture Fund

Information about CAC's governmental fund begins on page 13. This fund is accounted for using the modified accrual basis of accounting. CAC had governmental revenues of \$9,490,396 and expenditures of \$12,151,142. Revenues are primarily attributable to levied County cigarette tax dollars which are tax revenues to Cuyahoga Arts & Culture. The decrease in fund balance is due to expenditures exceeding revenues for the year.

Budgeting Highlights

Although CAC is not legally required to file a budget, the Board of Trustees does appropriate funds annually. The general fund is monitored closely looking for possible revenue shortfalls or any over spending.

Actual revenues for the general fund were lower than original and final budgeted revenues due to a drop in cigarette tax revenues during the year. Actual expenditures were lower than the original and final budget expenditures due to the timing of grant awards and program activities.

Capital Assets

The CAC's capital assets consisted of furniture and equipment. At December 31, 2024 the value of furniture and equipment was \$4,458 and an increase of \$787 over the prior year. This increase was due to current year additions offset by the annual depreciation expense. See Note 7 of the basic financial statements for additional information on capital assets.

Long-Term Obligations

The CAC's long-term obligations consisted of compensated absences and the net pension and net OPEB liabilities. Additional information concerning long-term obligations can be found in Note 12 to the basic financial statements.

Cuyahoga Arts & Culture, Cuyahoga County

Management's Discussion and Analysis

For the Year Ended December 31, 2024

Unaudited

Current Financial Related Activities

CAC is governed by a five member Board of Trustees, which is appointed by the Cuyahoga County Executive.

On November 5, 2024, voters in Cuyahoga County passed a ten-year replacement levy on cigarettes in the County. This replacement levy increases the cigarette tax in Cuyahoga County from 30 cents to 70 cents per pack of cigarettes for a ten-year period, from February 1, 2025 through January 31, 2035.

Contacting the Cuyahoga Arts & Culture Fiscal Office

This financial report is designed to provide our citizenry with the general overview of CAC's finances and show CAC's accountability for all money it receives, spends or invests. If you have any questions about this report or need financial information, contact Meg Harris, Director of Administration, Cuyahoga Arts & Culture, 1422 Euclid Avenue, Suite 400-5, Cleveland, Ohio 44115.

Cuyahoga Arts & Culture, Cuyahoga County*Statement of Net Position**December 31, 2024*

	Governmental Activities
Assets	
Cash and Investments	\$10,895,579
Accrued Interest Receivable	43,901
Cigarette Tax Receivable	842,362
Prepaid Items	17,071
Net OPEB Asset	25,802
Capital Assets, Net of Accumulated Depreciation	4,458
<i>Total Assets</i>	<u>11,829,173</u>
Deferred Outflows of Resources	
Pension	98,709
OPEB	36,379
<i>Total Deferred Outflows of Resources</i>	<u>135,088</u>
Liabilities	
Accounts Payable	3,516
Grants Payable	1,259,307
Unearned Revenue	26,000
Long-Term Liabilities:	
Due Within One Year	12,797
Due In More Than One Year:	
Net Pension Liability (See Note 9)	209,967
Other Amounts Due in More than One Year	434
<i>Total Liabilities</i>	<u>1,512,021</u>
Deferred Inflows of Resources	
Pension	53
OPEB	14,892
<i>Total Deferred Inflows of Resources</i>	<u>14,945</u>
Net Position	
Investment in Capital Assets	4,458
Restricted for OPEB Plan	25,802
Unrestricted	10,407,035
<i>Total Net Position</i>	<u><u>\$10,437,295</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County

*Statement of Activities
For the Year Ended December 31, 2024*

	<u>Governmental Activities</u>
Expenses:	
Arts & Culture Grantmaking:	
Personal Services	\$417,743
Contractual Services	11,184,996
Depreciation	<u>1,843</u>
Total Arts & Culture Grantmaking	<u>11,604,582</u>
General Government:	
Personal Services	381,804
Materials and Supplies	53,626
Contractual Services	126,004
Depreciation	<u>614</u>
Total General Government	<u>562,048</u>
<i>Total Program Expenses</i>	<u>12,166,630</u>
General Revenue:	
Cigarette Tax	8,889,512
Investment Earnings/Interest	558,944
Contributions and Donations	41,000
Miscellaneous	<u>940</u>
<i>Total General Revenues</i>	<u>9,490,396</u>
<i>Change in Net Position</i>	<u>(2,676,234)</u>
<i>Net Position Beginning of Year as Previously Reported</i>	13,113,589
Change in Accounting Principle (See Note 13)	<u>(60)</u>
<i>Restated Net Position Beginning of Year</i>	<u>13,113,529</u>
<i>Net Position End of Year</i>	<u><u>\$10,437,295</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County

*Balance Sheet
Governmental Fund
December 31, 2024*

	<u>General Fund</u>
Assets	
Cash and Investments	\$10,895,579
Accrued Interest Receivable	43,901
Cigarette Tax Receivable	842,362
Prepaid Items	<u>17,071</u>
<i>Total Assets</i>	<u><u>\$11,798,913</u></u>
Liabilities	
Accounts Payable	\$3,516
Unearned Revenue	26,000
Grants Payable	<u>1,259,307</u>
<i>Total Liabilities</i>	<u>1,288,823</u>
Fund Balance	
Nonspendable	17,071
Unassigned	<u>10,493,019</u>
<i>Total Fund Balances</i>	<u>10,510,090</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$11,798,913</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
*Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
December 31, 2024*

Total Governmental Fund Balance	\$10,510,090
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*Amounts reported for governmental activities
in the statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	4,458
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The net pension liability and net OPEB asset are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the funds:

Net OPEB Asset	25,802	
Deferred Outflows - Pension	98,709	
Deferred Inflows - Pension	(53)	
Net Pension Liability	(209,967)	
Deferred Outflows - OPEB	36,379	
Deferred Inflows - OPEB	<u>(14,892)</u>	
Totals		(64,022)

Long-term liabilities, such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,231)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$10,437,295</u></u>
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See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
Statement of Revenues, Expenditures and Changes
in Governmental Fund Balance
For the Year Ended December 31, 2024

	<u>General Fund</u>
Revenues	
Cigarette Tax	\$8,889,512
Investment Earnings/Interest	558,944
Contributions and Donations	41,000
Miscellaneous	<u>940</u>
<i>Total Revenues</i>	<u>9,490,396</u>
Expenditures	
Current:	
Arts & Culture Grantmaking:	
Personal Services	412,372
Contractual Services	<u>11,184,996</u>
Total Arts & Culture Grantmaking	<u>11,597,368</u>
General Government:	
Personal Services	370,900
Materials and Supplies	53,626
Contractual Services	126,004
Capital Outlay	<u>3,244</u>
Total General Government	<u>553,774</u>
<i>Total Expenditures</i>	<u>12,151,142</u>
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	 (2,660,746)
<i>Fund Balance Beginning of Year</i>	<u>13,170,836</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,510,090</u></u>

See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Governmental Fund Balance to the Statement of Activities
For the Year Ended December 31, 2024*

Net Change in Fund Balance - Total Governmental Fund	(\$2,660,746)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation expense.
This is the amount by which capital outlay exceeded depreciation
in the current period.

Capital Asset Additions	3,244	
Depreciation	(2,457)	
Total		787

Contractually required contributions are reported as expenditures in
governmental funds; however, the statement of net position reports
these amounts as deferred outflows.

Pension	22,836	
OPEB	12,998	
Total		35,834

Except for amounts reported as deferred inflows/outflows, changes
in the net pension/OPEB asset/liability are reported as
pension/OPEB expense in the statement of activities.

Pension	(43,975)	
OPEB	(10,058)	
Total		(54,033)

Some expenses reported in the statement of activities, such as
compensated absences, do not require the use of current
financial resources and therefore are not reported as
expenditures in governmental funds.

	1,924
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<i>Change in Net Position of Governmental Activities</i>	(\$2,676,234)
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See accompanying notes to the basic financial statements

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Note 1 - Reporting Entity and Basis of Presentation

Cuyahoga Arts & Culture (CAC) is a political subdivision of the State and a body corporate, established June 16, 2005, by the Cuyahoga County Commissioners, under the authority of Section 3381.04, Ohio Revised Code.

CAC's governing body is a five member Board of Trustees (the Trustees), who are appointed by the Cuyahoga County Executive. Trustees serve staggered three year terms. Trustees serve on staggered terms from the date of their appointment by the Cuyahoga County Executive and until their replacement has been appointed. CAC is classified as a related organization of Cuyahoga County.

CAC is dedicated to making grants to support the operating or capital expenses of arts and culture organizations located within the County, or acquiring, constructing, equipping, furnishing, repairing, remodeling, renovating, enlarging, improving, or administering artistic or cultural facilities. These activities are directly controlled by the Trustees through the budgetary process and are included within this report.

In evaluating how to define CAC for financial reporting purposes, management has considered all agencies, departments and organizations making up Cuyahoga Arts & Culture and its potential component units consistent with GASB Statement No. 14 "The Financial Reporting Entity" and GASB Statement 61 "The Financial Reporting Entity: Omnibus an amendment to GASB Statements No. 14 and No. 34".

Component units are legally separate organizations for which CAC is financially accountable. CAC is financially accountable for an organization if CAC appoints a voting majority of the organization's governing board and (1) CAC is able to significantly influence the programs or services performed or provided by the organization; or (2) CAC is legally entitled to or can otherwise access the organization's resources; CAC is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization or CAC is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on CAC in that CAC approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. CAC has no component units.

Note 2 - Summary of Significant Accounting Policies

The financial statements of CAC have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of CAC's accounting policies are described below.

Basis of Presentation

CAC's basic financial statements consist of government-wide statements, including a statement of net position 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 CAC as a whole.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

The statement of net position presents the financial condition of the governmental activities of CAC at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of CAC's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of CAC, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of CAC.

Fund Financial Statements

During the year, CAC accounts for its financial activities in a single governmental fund. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. CAC's only governmental fund is the general fund which accounts for all financial resources. The general fund balance is available to CAC for any purpose provided it is expended according to the general laws of Ohio.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of CAC are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

The general fund is accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the general fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The general fund uses the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For CAC, available means expected to be received within sixty days of year-end.

Nonexchange transactions, in which CAC receives value without directly giving equal value in return, include grants. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which CAC must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to CAC on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the cigarette tax is considered to be both measurable and available at year-end.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For CAC, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For CAC, deferred inflows of resources include pension and OPEB. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 9 and 10)

Expenses/Expenditures

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

During 2024, CAC's investments were limited to federal home loan mortgage notes, federal home loan bank notes, federal national mortgage association notes, federal farm credit bank notes, U.S. treasury notes, U.S. treasury bills, commercial paper, money market governmental obligations, negotiable certificates of deposits, and STAR Ohio. Gains (or losses) to fair value are booked annually as "Investment Earnings".

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Investments, except for commercial paper and STAR Ohio, are reported at fair value which is based on quoted market prices. The fair value of the money market fund is determined by the fund's current share price. CAC's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." CAC measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Capital Assets

CAC's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the general fund. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the financial statements of the general fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. CAC maintains a capitalization threshold of five hundred and fifty dollars for furniture and equipment.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method for furniture and equipment with useful lives of five to seven years.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB (asset) liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Compensated Absences

For the CAC, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The CAC does not offer noncash settlements. The CAC uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the CAC, this leave includes paid time off. However, the CAC also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the CAC this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary related payments.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not been earned. The CAC recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which CAC 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 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.

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.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of CAC. Those committed amounts cannot be used for any other purpose unless CAC removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. 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 CAC for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by CAC Trustees or a CAC official delegated that authority by formal action, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications.

CAC 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for the OPEB plan represents the corresponding restricted asset amount held in trust by the OPEB plan for future benefits.

CAC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

Note 3 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which CAC is bound to observe constraints imposed upon the use of the resources in the government funds. At year end, \$17,071 was nonspendable due to prepaid assets in the general fund and the remaining of \$10,493,019 was unassigned for a total general fund balance of \$10,510,090.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Note 4 - Deposits and Investments

CAC has chosen to follow State statutes and classify monies held by CAC into two categories, active and inactive. Active monies are public monies determined to be necessary to meet current demand. Active monies must be maintained either as cash in the treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the CAC which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the CAC has filed a written investment policy with the Ohio Auditor of State:

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, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations 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 and Government National Mortgage 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the CAC lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the CAC's average portfolio, if training requirements have been met in either of the following:
 - a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

- b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the CAC's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase; and,
11. Up to two percent of the CAC's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the CAC's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

As of December 31, 2024, CAC had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value (NAV) Per Share:				
Star Ohio	\$1,996,544	27.2 days	AAAm	N/A
Amortized Cost:				
Commercial Paper	2,995,145	Less than one year	A-1 to A-1+	27.68%
Fair Value - Level One Inputs:				
Money Market Governmental Obligations	6,446	Daily	N/A	N/A
Negotiable Certificates of Deposit	2,339,665	Less than four years	N/A	21.62
Fair Value - Level Two Inputs:				
Federal National Mortgage Association Notes	100,000	Less than three years	AA+	N/A
Federal Home Loan Mortgage Notes	502,226	Less than three years	AA+	N/A
Federal Home Loan Bank Notes	1,141,872	Less than four years	AA+	10.55
Federal Farm Credit Bank Notes	690,021	Less than four years	AA+	6.38
US Treasury Notes	558,678	Less than two years	AA+	5.16
US Treasury Bills	491,535	Less than one year	A+	N/A
Total Investments	<u>\$10,822,132</u>			

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

CAC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies CAC's recurring fair value measurements as of December 31, 2024. The Money Market Governmental Obligation Fund and negotiable certificates of deposit are measured at fair value and is valued using quoted market prices (Level 1 inputs). CAC's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Credit Risk. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization, that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization and that the commercial paper be rated in the highest category at the time of purchase by at least two nationally recognized statistical rating organizations. The negotiable certificate of deposit are not rated. CAC has no investment policy that addresses credit risk.

Interest Rate Risk. CAC has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of CAC, and that an investment must be purchased with the expectation that it will be held to maturity.

Concentration of Credit Risk. CAC places no limit on the amount it may invest in any one issuer.

Note 5 – Public Funding

At the election held on November 7, 2006, the electors in Cuyahoga County approved the levy of a tax on the sale of cigarettes at wholesale at the rate of 15 mills per cigarette (amounting to 1-1/2 cents per cigarette) for a period of ten years, beginning February 1, 2007, for the purpose of making grants to support the operating or capital expenses of arts and cultural organizations located in Cuyahoga County, to defray the costs of acquiring, constructing, equipping, furnishing, improving, enlarging, renovating, remodeling, or maintaining an artistic or cultural facility, and to meet the operating expenses of CAC. On November 3, 2015, subsequent to the initial approval of the levy, the electors of Cuyahoga County re-approved the levy for an additional ten years, through January 31, 2027. This is a County tax authorized by Section 5743.021, Ohio Revised Code. The expenditures of the collections from the tax are limited by Section 3381.17, Ohio Revised Code, as follows:

1. The tax must be expended for the purpose of making annual grants to support operating or capital expenses of arts or culture organizations located within the County as the Board of Trustees shall determine;
2. Not more than ten percent of the amount granted in any calendar year from the tax is permitted to be granted to arts or culture organizations that are not qualifying arts or cultural organizations;
3. Prior to making grants in any calendar year, the Board of Trustees shall afford an opportunity for the presentation, either in person or in writing, of the suggestions of any Area Arts Council;
4. Any grant to an arts and cultural organization shall be on such terms and conditions as the Board of Trustees considers advisable.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Note 6 - Receivables

Receivables at December 31, 2024 consisted of a cigarette tax receivable of \$842,362. The receivable is considered fully collectible and will be received within one year. The cigarette tax receivable represents the proceeds from the County excise tax on the sale of cigarettes. This money is collected and distributed to the County by the State and then to CAC.

Note 7 - Capital Assets

A summary of changes in capital assets during 2024 follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Governmental Activities				
<i>Depreciable Capital Assets</i>				
Furniture and Equipment	\$10,487	\$3,244	\$0	\$13,731
Less Accumulated Depreciation Furniture and Equipment	(6,816)	(2,457)	0	(9,273)
<i>Total Capital Assets Being Depreciated, Net</i>	\$3,671	\$787	\$0	\$4,458

*Depreciation/amortization expense for 2024 was charged to arts and culture grantmaking in the amount of \$1,843 and general government in the amount of \$614.

Note 8 - Risk Management

CAC 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 2024, CAC contracted with several companies for various types of insurance as follows:

Company	Type	Coverage
Hartford Fire and Casualty	General Liability	\$4,000,000
	Automobile Liability	2,000,000
	Employers Liability	500,000
	Accounts Receivable	25,000
	Property	20,000
	Computers and Media	15,000
Chubb Insurance	Directors and Officers	1,000,000
Ohio Casualty Insurance	Employee Dishonesty Bond	100,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Workers' compensation coverage is provided by the State. CAC 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.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

Note 9 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB (Asset)

The net pension liability and the net OPEB (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the CAC's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the CAC's obligation for this liability to annually required payments. The CAC cannot control benefit terms or the manner in which pensions are financed; however, the CAC does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable*. The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Ohio Public Employees Retirement System (OPERS)

Plan Description – CAC employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2024, the Combined Plan was consolidated into the Traditional Pension Plan, as approved by the legislature in House Bill 33. The Traditional Pension Plan includes members of the legacy Combined Plan, a hybrid defined benefit/defined contribution plan which was closed to new

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

members effective January 1, 2022. New members are no longer able to select the Combined Plan and current members are no longer able to make a plan change to the Combined Plan. The Combined Plan was consolidated into the Traditional Pension Plan effective January 1, 2024, as a separate division. No changes were made to the benefit design features of the Combined Plan as part of this consolidation so that members in this plan will experience no changes. The CAC's 2024 net pension liability (asset) for OPERS is measured as of December 31, 2023, and reflects the Traditional Plan and the Combined Plan as two separate plans. The CAC's 2025 financial statements will reflect the effects of the Combined Plan being consolidated into the Traditional Pension

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced previously for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Traditional plan state and local members who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement.

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

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When a traditional plan benefit recipient has received benefits for 12 months, the member is eligible for an annual cost-of-living adjustment (COLA). This COLA is calculated on the member's original base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
	Traditional	Combined
2024 Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0 %
Employee *	10.0 %	10.0 %
2024 Actual Contribution Rates		
Employer:		
Pension **	14.0 %	12.0 %
Post-employment Health Care Benefits **	0.0	2.0
Total Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022,

Employer contribution rates are actuarially determined within the constraints of statutory limits for each division and expressed as a percentage of covered payroll.

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For 2024, the CAC's contractually required contribution was \$22,836 for the traditional plan. Of these amounts, none is reported as an intergovernmental payable for the traditional plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2023, and was determined by rolling forward the total pension liability as of January 1, 2023, to December 31, 2023. The CAC's proportion of the net pension liability was based on the CAC's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense of the CAC's defined benefit pension plans:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Proportion of the Net Pension Liability			
Current Measurement Date	0.000802%	0.000000%	
Prior Measurement Date	0.000728%	0.000000%	
Change in Proportionate Share	0.000074%	0.000000%	
Proportionate Share of the:			
Net Pension Liability	\$209,967	\$0	\$209,967
Pension Expense	39,556	4,419	43,975

At December 31, 2024, the CAC reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$3,432	\$0	\$3,432
Net difference between projected and actual earnings on pension plan investments	42,380	0	42,380
Changes in proportion and differences between CAC contributions and proportionate share of contributions	14,513	15,548	30,061
CAC contributions subsequent to the measurement date	22,836	0	22,836
Total Deferred Outflows of Resources	\$83,161	\$15,548	\$98,709
Deferred Inflows of Resources			
Changes in proportion and differences between CAC contributions and proportionate share of contributions	\$0	\$53	\$53

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\$22,836 reported as deferred outflows of resources related to pension resulting from CAC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional Plan	OPERS Combined Plan	Total
Year Ending December 31:			
2025	\$22,479	\$4,419	\$26,898
2026	16,836	4,418	21,254
2027	27,044	4,436	31,480
2028	(6,034)	2,222	(3,812)
Total	<u>\$60,325</u>	<u>\$15,495</u>	<u>\$75,820</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2023, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67:

	OPERS Traditional Plan	OPERS Combined Plan
Wage Inflation	2.75 percent	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation	2.75 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3.0 percent, simple	3.0 percent, simple
Post-January 7, 2013 Retirees (Current Year)	2.3 percent, simple through 2024, then 2.05 percent, simple	2.3 percent, simple through 2024, then 2.05 percent, simple
Post-January 7, 2013 Retirees (Prior Year)	3.0 percent, simple through 2023, then 2.05 percent, simple	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent	6.9 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

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The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a gain of 11.2 percent for 2023.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	2.85%
Domestic Equities	21.00	4.27
Real Estate	13.00	4.46
Private Equity	15.00	7.52
International Equities	20.00	5.16
Risk Parity	2.00	4.38
Other Investments	5.00	3.46
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability was 6.9 percent for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the CAC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the CAC's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the CAC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.9 percent) or one percentage point higher (7.9 percent) than the current rate:

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	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
CAC's proportionate share of the net pension liability:			
OPERS Traditional Plan	\$330,544	\$209,967	\$109,682

Note 10 – Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB (asset).

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined, and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or

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Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or younger Retirees Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52; or

Group C 32 years of qualified health care service credit and at least age 55.

Retirees who do not meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A	Group B	Group C
Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>	Age and Service Requirements <i>December 1, 2014 or Prior</i>
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>	Age and Service Requirements <i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance for both non-Medicare and Medicare retirees.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must

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enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The CAC's contractually required contribution was \$12,998 for 2024. Of this amount, none is reported as an intergovernmental payable.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2022, rolled forward to the measurement date of December 31, 2023, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The CAC's proportion of the net OPEB liability (asset) was based on the CAC's share of contributions

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to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>
Proportion of the Net OPEB Liability/Asset:	
Current Measurement Date	0.002859%
Prior Measurement Date	<u>0.003057%</u>
Change in Proportionate Share	<u>-0.000198%</u>
Proportionate Share of the:	
Net OPEB (Asset)	(\$25,802)
OPEB Expense	\$10,058

At December 31, 2024, the CAC reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes of assumptions	\$6,643
Net difference between projected and actual earnings on OPEB plan investments	15,496
Changes in proportion and differences between CAC contributions and proportionate share of contributions	1,242
CAC contributions subsequent to the measurement date	<u>12,998</u>
Total Deferred Outflows of Resources	<u>\$36,379</u>
Deferred Inflows of Resources	
Differences between expected and actual experience	\$3,673
Changes of assumptions	11,092
Changes in proportion and differences between CAC contributions and proportionate share of contributions	<u>127</u>
Total Deferred Inflows of Resources	<u>\$14,892</u>

\$12,998 reported as deferred outflows of resources related to OPEB resulting from CAC contributions subsequent to the measurement date will be recognized an increase in the net OPEB asset in 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	OPERS
Year Ending December 31:	
2025	\$16
2026	1,644
2027	12,061
2028	(5,232)
Total	<u>\$8,489</u>

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.70 percent
Prior Year Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	3.77 percent
Prior Year Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.5 percent, initial 3.50 percent, ultimate in 2038
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Defined Contribution portfolio and the Health Care portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received

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continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 14.0 percent for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2023, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	37.00%	2.82%
Domestic Equities	25.00	4.27
Real Estate Investment Trust	5.00	4.68
International Equities	25.00	5.16
Risk Parity	3.00	4.38
Other Investments	5.00	2.43
Total	100.00%	

Discount Rate A single discount rate of 5.70 percent was used to measure the total OPEB liability on the measurement date of December 31, 2023; however, the single discount rate used at the beginning of the year was 5.22 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.77 percent. (Fidelity Index's "20-Year Municipal GO AA Index") The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2070. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2070, and the municipal bond rate was applied to all health care costs after that date.

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Sensitivity of the CAC's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the CAC's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70 percent, as well as what the CAC's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.70 percent) or one percentage point higher (6.70 percent) than the current rate:

	1% Decrease (4.70%)	Current Discount Rate (5.70%)	1% Increase (6.70%)
CAC's proportionate share of the net OPEB liability (asset)	\$14,181	(\$25,802)	(\$58,924)

Sensitivity of the CAC's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net OPEB liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2024 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
CAC's proportionate share of the net OPEB (asset)	(\$26,875)	(\$25,802)	(\$24,587)

Note 11 – Other Employee Benefits

Compensated Absences

The criteria for determining paid time off (PTO) liabilities are derived from the compensation policies set by the Board of Trustees. Full-time and part-time staff is granted 25 days or more based on years of service, on a pro-rated basis, per year at the beginning of the calendar year. PTO accruals are pro-rated by the month of employment for people joining CAC during the year. In the event of separation, employees are paid their accrued PTO in their last paycheck, if they provide written notice to CAC. Current year accruals are paid out at the rate of 50 percent if employment terminates between January 1 and June 30 and at 100 percent thereafter.

If an employee does not use their PTO time in a given year, they may carry over the equivalent of ten days. Employees will be compensated for accrued time in excess of ten days in an amount not to exceed ten additional days. Alternately, the Executive Director may approve this additional time to be carried over for use in the next year. Any unused time in excess of 20 days will be forfeited by the employee.

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

The table below lists the amount of PTO based on years of service:

Full Years of Service	Paid Time Off Annual Accumulation
0 - 5 years	25 Days
6 - 15 years	30 Days
15 or more years	35 Days

Full-time and part-time staff are granted three paid sick days per year at the beginning of the calendar year. Sick days may not be carried over, accrued or paid out if unused within the calendar year.

Medical, Prescription Drug and Dental Insurance

CAC provides medical, prescription drug, vision and dental benefits to all full-time employees and to part-time employees working a minimum of 25 hours per week. Medical, prescription drug benefits and dental are provided through Medical Mutual and vision benefits through VSP Vision. Due to CAC's small group status, each employee and their dependents receives their own rating based on pre-specified age ranges. CAC's portion of the monthly medical and prescription drug premium ranges from \$275 to \$3,397 and \$33 to \$129 for the monthly dental premium. The vision premium, fully paid by CAC, is \$6.32 per member. CAC employees contribute a portion of the premium for the medical, prescription and dental plans.

Note 12 – Long-Term Obligations

A schedule of changes in long-term obligations of CAC during 2024 follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024	Due in One Year
Compensated Absences	\$15,155	\$0	\$1,924	\$13,231	\$12,797
Net Pension Liability OPERS	215,050	0	5,083	209,967	0
Net OPEB Liability OPERS	19,275	0	19,275	0	0
Total	<u>\$249,480</u>	<u>\$0</u>	<u>\$26,282</u>	<u>\$223,198</u>	<u>\$12,797</u>

Increases and decreases to compensated absences are presented net on the above table. There is no repayment schedule for the net pension liability. However, employer pension and OPEB contributions are made from the general fund. For additional information related to the net pension and net OPEB liabilities see Notes 9 and 10.

Note 13 - Change in Accounting Principles and Restatement of Net Position

For 2024, the CAC implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The CAC also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021* and GASB Statement No. 101, *Compensated Absences*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more

Cuyahoga Arts & Culture, Cuyahoga County

Notes To The Basic Financial Statements

For The Year Ended December 31, 2024

understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The CAC reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The implementation of GASB 101 resulted in recognizing an additional compensated absences liabilities of \$60 in governmental activities at January 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense. This change in accounting principle is separately displayed in the accompanying financial statements.

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Required Supplementary Information

Cuyahoga Arts & Culture, Cuyahoga County
Required Supplementary Information
Schedule of Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional Plan
Last Ten Years

	2024	2023	2022	2021	2020
Cuyahoga Arts & Culture's Proportion of the Net Pension Liability	0.000802%	0.000728%	0.000556%	0.000623%	0.000721%
Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability	\$209,967	\$215,050	\$48,374	\$92,253	\$142,510
Cuyahoga Arts & Culture's Covered Payroll	\$131,936	\$112,907	\$80,693	\$87,700	\$101,493
Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.14%	190.47%	59.95%	105.19%	140.41%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.01%	75.74%	92.62%	86.88%	82.17%

Amounts presented for each year were determined as of CAC's measurement date which is the prior year end.

See notes to required supplementary information

2019	2018	2017	2016	2015
0.001152%	0.001370%	0.001211%	0.001288%	0.001301%
\$315,509	\$214,926	\$271,927	\$223,097	\$156,915
\$155,579	\$181,046	\$156,575	\$160,364	\$159,492
202.80%	118.71%	173.67%	139.12%	98.38%
74.70%	84.66%	77.25%	81.08%	86.45%

Cuyahoga Arts & Culture, Cuyahoga County
Required Supplementary Information
Schedule of Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability (Asset)
Ohio Public Employees Retirement System - Combined Plan
Last Seven Years (1)

	2024	2023	2022	2021
Cuyahoga Arts & Culture's Proportion of the Net Pension Liability	0%	0%	0%	0%
Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0
Cuyahoga Arts & Culture's Covered Payroll	\$0	\$0	\$0	\$0
Cuyahoga Arts & Culture's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	144.55%	137.14%	169.88%	157.67%

(1) Amounts for the combined plan are not presented prior to 2018 as the CAC's participation in this plan was considered immaterial in previous years.

Amounts presented for each year were determined as of CAC's measurement date which is the prior year end.

See notes to required supplementary information

2020	2019	2018
0%	0.0178140%	0.0403070%
\$0	(\$19,920)	\$54,870
\$0	\$76,186	\$165,077
0.00%	26.15%	-33.24%
145.28%	126.64%	137.28%

Cuyahoga Arts & Culture, Cuyahoga County
Required Supplementary Information
Schedule of Cuyahoga Arts & Culture's Proportionate Share of the Net OPEB Liability/(Asset)
Ohio Public Employees Retirement System - OPEB Plan
Last Eight Years (1)

	2024	2023	2022	2021
Cuyahoga Arts & Culture's Proportion of the Net OPEB Liability/Asset	0.002859%	0.003057%	0.003583%	0.003407%
Cuyahoga Arts & Culture's Proportionate Share of the Net OPEB Liability (Asset)	(\$25,802)	\$19,275	(\$112,225)	(\$60,699)
Cuyahoga Arts & Culture's Covered Payroll	\$504,780	\$508,782	\$558,768	\$518,700
Cuyahoga Arts & Culture's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	5.11%	-3.79%	20.08%	11.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	107.76%	94.79%	128.23%	115.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented for each year were determined as of CAC's measurement date which is the prior year end.

See notes to required supplementary information

2020	2019	2018	2017
0.003270%	0.004095%	0.004170%	0.003950%
\$451,672	\$533,890	\$452,832	\$398,963
\$494,018	\$593,940	\$590,048	\$390,725
-91.43%	-89.89%	-76.74%	-102.11%
47.80%	46.33%	54.14%	54.04%

Cuyahoga Arts & Culture, Cuyahoga County
Required Supplementary Information
Schedule of Cuyahoga Arts & Culture Contributions
Ohio Public Employees Retirement System
Last Ten Years (1)

	2024	2023	2022	2021
Net Pension Liability - Traditional Plan				
Contractually Required Contribution	\$22,836	\$18,471	\$15,807	\$11,297
Contributions in Relation to the Contractually Required Contribution	(22,836)	(18,471)	(15,807)	(11,297)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cuyahoga Arts & Culture Covered Payroll	\$163,114	\$131,936	\$112,907	\$80,693
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net Pension Liability - Combined Plan				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cuyahoga Arts & Culture Covered Payroll	\$0	\$0	\$0	\$0
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability - OPEB Plan				
Contractually Required Contribution	\$12,998	\$12,192	\$15,835	\$19,123
Contributions in Relation to the Contractually Required Contribution	(12,998)	(12,192)	(15,835)	(19,123)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Cuyahoga Arts & Culture Covered Payroll (2)	\$560,606	\$504,780	\$508,782	\$558,768
OPEB Contributions as a Percentage of Covered Payroll	<u>2.32%</u>	<u>2.42%</u>	<u>3.11%</u>	<u>3.42%</u>

(1) Information for the combined pension plan and the OPEB plan is not available prior to 2017.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See notes to required supplementary information

2020	2019	2018	2017	2016	2015
\$12,278	\$14,209	\$21,781	\$23,536	\$18,789	\$19,244
(12,278)	(14,209)	(21,781)	(23,536)	(18,789)	(19,244)
\$0	\$0	\$0	\$0	\$0	\$0
\$87,700	\$101,493	\$155,579	\$181,046	\$156,575	\$160,364
14.00%	14.00%	14.00%	13.00%	12.00%	12.00%
\$0	\$0	\$10,666	\$21,460		
0	0	(10,666)	(21,460)		
\$0	\$0	\$0	\$0		
\$0	\$0	\$76,186	\$165,077		
14.00%	14.00%	14.00%	13.00%		
\$17,102	\$15,701	\$14,487	\$13,218		
(17,102)	(15,701)	(14,487)	(13,218)		
\$0	\$0	\$0	\$0		
\$518,700	\$494,018	\$593,940	\$590,048		
3.30%	3.18%	2.44%	2.24%		

Cuyahoga Arts & Culture, Cuyahoga County
Notes to the Required Supplementary Information
For the year ended December 31, 2024

Changes in Assumptions – OPERS Pension – Traditional Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019 through 2021	2018 and 2017	2016 and prior
Wage Inflation	2.75 percent	3.25 percent	3.25 percent	3.75 percent
Future Salary Increases	2.75 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2024	2.3 percent, simple through 2024 then 2.05 percent, simple
2023	3.0 percent, simple through 2023 then 2.05 percent, simple
2022	3.0 percent, simple through 2022 then 2.05 percent, simple
2021	0.5 percent, simple through 2021 then 2.15 percent, simple
2020	1.4 percent, simple through 2020 then 2.15 percent, simple
2017 through 2019	3.0 percent, simple through 2018 then 2.15 percent, simple
2016 and prior	3.0 percent, simple through 2018 then 2.80 percent, simple

Amounts reported beginning in 2022 use pre-retirement mortality rates based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

Amounts reported for 2017 through 2021 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to

Cuyahoga Arts & Culture, Cuyahoga County

Notes to the Required Supplementary Information

For the year ended December 31, 2024

the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Changes in Assumptions – OPERS Pension – Combined Plan

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	<u>2022</u>	<u>2019 through 2021</u>	<u>2018</u>
Wage Inflation	2.75 percent	3.25 percent	3.25 percent
Future Salary Increases	2.75 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:			
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	see below	see below	see below
Investment Rate of Return	6.9 percent	7.2 percent	7.5 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age

Since 2020, the Combined Plan had the same change in COLA or Ad Hoc COLA for Post-January 2, 2013, retirees as the Traditional Plan.

Cuyahoga Arts & Culture, Cuyahoga County

Notes to the Required Supplementary Information

For the year ended December 31, 2024

Changes in Assumptions – OPERS OPEB

Wage Inflation:	
Beginning in 2022	2.75 percent
2021 and prior	3.25 percent
Projected Salary Increases (including wage inflation):	
Beginning in 2022	2.75 to 10.75 percent
2021 and prior	3.25 to 10.75 percent
Investment Return Assumption:	
Beginning in 2019	6.00 percent
2018	6.50 percent
Municipal Bond Rate:	
2024	3.77 percent
2023	4.05 percent
2022	1.84 percent
2021	2.00 percent
2020	2.75 percent
2019	3.71 percent
2018	3.31 percent
Single Discount Rate:	
2024	5.70 percent
2023	5.22 percent
2022	6.00 percent
2021	6.00 percent
2020	3.16 percent
2019	3.96 percent
2018	3.85 percent
Health Care Cost Trend Rate:	
2024	5.50 percent, initial 3.5 percent, ultimate in 2038
2023	5.5 percent, initial 3.5 percent, ultimate in 2036
2022	5.5 percent, initial 3.5 percent, ultimate in 2034
2021	8.5 percent, initial 3.5 percent, ultimate in 2035
2020	10.5 percent, initial 3.5 percent, ultimate in 2030
2019	10.0 percent, initial 3.25 percent, ultimate in 2029
2018	7.5 percent, initial 3.25 percent, ultimate in 2028

Changes in Benefit Terms – OPERS OPEB

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Additional Supplementary Information

Cuyahoga Arts & Culture, Cuyahoga County Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund For the Year Ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Cigarette Tax	\$9,203,750	\$9,203,750	\$8,963,924	(\$239,826)
Interest	450,000	450,000	449,955	(45)
Contributions and Donations	41,000	41,000	67,000	26,000
Miscellaneous	0	0	940	940
<i>Total Revenues</i>	<u>9,694,750</u>	<u>9,694,750</u>	<u>9,481,819</u>	<u>(212,931)</u>
Expenditures				
Current:				
Arts & Culture Grantmaking:				
Personal Services	417,085	417,085	425,616	(8,531)
Contractual Services	11,496,937	11,496,937	11,383,559	113,378
Total Arts & Culture Grantmaking	<u>11,914,022</u>	<u>11,914,022</u>	<u>11,809,175</u>	<u>104,847</u>
General Government:				
Personal Services	366,278	366,278	383,407	(17,129)
Materials and Supplies	61,183	61,183	57,294	3,889
Contractual Services	145,273	145,273	122,176	23,097
Total General Government	<u>572,734</u>	<u>572,734</u>	<u>562,877</u>	<u>9,857</u>
Capital Outlay	<u>3,244</u>	<u>3,244</u>	<u>3,244</u>	<u>0</u>
<i>Total Expenditures</i>	<u>12,490,000</u>	<u>12,490,000</u>	<u>12,375,296</u>	<u>114,704</u>
<i>Net Change in Fund Balance</i>	<u>(2,795,250)</u>	<u>(2,795,250)</u>	<u>(2,893,477)</u>	<u>(98,227)</u>
<i>Fund Balance Beginning of Year</i>	<u>13,723,540</u>	<u>13,723,540</u>	<u>13,723,540</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,928,290</u>	<u>\$10,928,290</u>	<u>\$10,830,063</u>	<u>(\$98,227)</u>

See accompanying notes to the additional supplementary information

Cuyahoga Arts & Culture, Cuyahoga County
Notes To The Additional Supplementary Information
For The Year Ended December 31, 2024

Note 1 – Budgetary Basis of Accounting

Budgetary Process

CAC is not required under State statute to file budgetary information with the County Fiscal Officer. However, CAC does follow the budgetary process for control purposes. The Trustee's set limits on expenditures plus encumbrances at the program level.

The Executive Director reviews the prior year's revenues and factors in the wages expected to be charged and the intergovernmental revenue anticipated to be received in order to determine the estimated resources for the current year. The estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Executive Director. The amounts reported as the original budgeted amounts in the budgetary schedule reflect amounts of the estimated resources approved by the Trustees when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary schedule reflect the amounts of the estimated resources that were in effect at the time the final appropriations were passed by the Trustees.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, general fund, is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP basis (generally accepted accounting principles) are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis schedule for the general fund.

Net Change in Fund Balance	
GAAP Basis	(\$2,660,746)
Net Adjustment for Revenue Accruals	119,398
Beginning Fair Value Adjustment for Investments	(62,459)
Ending Fair Value Adjustment for Investments	(65,516)
Net Adjustment for Expenditure Accruals	(224,154)
Budget Basis	<u>(\$2,893,477)</u>

OHIO AUDITOR OF STATE KEITH FABER

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

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

Cuyahoga Arts and Culture
Cuyahoga County
1422 Euclid Avenue, Suite 400-5
Cleveland, Ohio 44115

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and the General Fund of Cuyahoga Arts and Culture, Cuyahoga County, Ohio (the CAC) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the CAC's basic financial statements and have issued our report thereon dated October 3, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CAC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CAC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CAC's internal control.

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

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

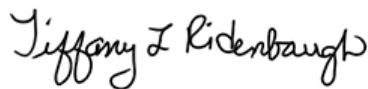
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CAC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 3, 2025

OHIO AUDITOR OF STATE KEITH FABER



CUYAHOGA ARTS AND CULTURE

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/16/2025

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

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