



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Village of Newburgh Heights  
Cuyahoga County  
4000 Washington Park Boulevard  
Newburgh Heights, Ohio 44105

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

May 5, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Newburgh Heights  
Cuyahoga County  
4000 Washington Park Boulevard  
Newburgh Heights, Ohio 44105

To the Village Council:

We have audited the accompanying financial statements of Village of Newburgh Heights, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Village Solicitor did not provide us with the description and evaluation of any pending contingent liabilities as directed by ABA Statement of Policy Regarding Lawyer's Responses to Auditor's Requests for Information.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and December 31, 2008, or its changes in financial position for the years then ended.

Also, in our opinion, except for the lack of a response from the Village legal counsel regarding pending contingent liabilities, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Newburgh Heights, Cuyahoga County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

May 5, 2010



**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$124,760	\$301,857	\$0	\$7,112	\$433,729
Municipal Income Tax	704,209	0	0	0	704,209
Intergovernmental Receipts	169,369	339,684	0	1,127	510,180
Charges for Services	68,241	37,143	0	0	105,384
Fines, Licenses, and Permits	256,393	64,756	0	0	321,149
Earnings on Investments	52	0	0	0	52
Miscellaneous	250,937	0	0	0	250,937
<b>Total Cash Receipts</b>	<b>1,573,961</b>	<b>743,440</b>	<b>0</b>	<b>8,239</b>	<b>2,325,640</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	687,546	384,694	0	8,242	1,080,482
Public Health Services	75	0	0	0	75
Leisure Time Activities	15,610	0	0	0	15,610
Basic Utility Services	100,890	0	0	0	100,890
Transportation	74,890	79,320	0	0	154,210
General Government	658,634	13,330	0	0	671,964
Debt Service:					
Redemption of Principal	13,213	36,221	372,000	0	421,434
Interest and Fiscal Charges	1,294	1,478	10,202	0	12,974
Capital Outlay	10,574	217,973	77,452	0	305,999
<b>Total Cash Disbursements</b>	<b>1,562,726</b>	<b>733,016</b>	<b>459,654</b>	<b>8,242</b>	<b>2,763,638</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>11,235</b>	<b>10,424</b>	<b>(459,654)</b>	<b>(3)</b>	<b>(437,998)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Notes	0	0	400,000	0	400,000
Sale of Fixed Assets	0	250	0	0	250
Transfers-In	0	33,756	0	0	33,756
Transfers-Out	(33,756)	0	0	0	(33,756)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(33,756)</b>	<b>34,006</b>	<b>400,000</b>	<b>0</b>	<b>400,250</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(22,521)	44,430	(59,654)	(3)	(37,748)
Fund Cash Balances, January 1, 2009	50,232	(10,281)	77,612	3	117,566
<b>Fund Cash Balances, December 31, 2009</b>	<b>\$27,711</b>	<b>\$34,149</b>	<b>\$17,958</b>	<b>\$0</b>	<b>\$79,818</b>
Reserves for Encumbrances, December 31, 2009	\$62,783	\$106,173	\$0	\$0	\$168,956

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

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>FIDUCIARY FUND TYPE</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court	\$318,545
Total Operating Cash Receipts	318,545
<b>Operating Cash Disbursements:</b>	
Mayor's Court	318,545
Total Operating Cash Disbursements	318,545
Operating Income/(Loss)	0
Fund Cash Balance, January 1, 2009	160
<b>Fund Cash Balance, December 31, 2009</b>	<b>\$160</b>

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

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$122,075	\$314,583	\$0	\$7,542	\$444,200
Municipal Income Tax	672,330	0	0	0	672,330
Intergovernmental Receipts	195,282	428,205	0	1,205	624,692
Charges for Services	76,154	21,853	0	0	98,007
Fines, Licenses, and Permits	284,603	21,703	0	0	306,306
Earnings on Investments	3,908	0	0	0	3,908
Miscellaneous	133,373	6,126	0	0	139,499
<b>Total Cash Receipts</b>	<b>1,487,725</b>	<b>792,470</b>	<b>0</b>	<b>8,747</b>	<b>2,288,942</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	736,655	399,175	0	10,586	1,146,416
Public Health Services	0	0	0	0	0
Leisure Time Activities	28,357	0	0	0	28,357
Community Environment	0	0	0	0	0
Basic Utility Services	100,320	0	0	0	100,320
Transportation	89,306	106,922	0	0	196,228
General Government	566,601	13,808	0	0	580,409
Debt Service:					
Redemption of Principal	11,807	40,829	350,000	0	402,636
Interest and Fiscal Charges	1,949	4,230	14,096	0	20,275
Capital Outlay	14,281	292,620	19,392	0	326,293
<b>Total Cash Disbursements</b>	<b>1,549,276</b>	<b>857,584</b>	<b>383,488</b>	<b>10,586</b>	<b>2,800,934</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(61,551)</b>	<b>(65,114)</b>	<b>(383,488)</b>	<b>(1,839)</b>	<b>(511,992)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Notes	0	0	372,904	0	372,904
Sale of Fixed Assets	0	0	0	0	0
Transfers-In	0	0	0	965	965
Transfers-Out	(965)	0	0	0	(965)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(965)</b>	<b>0</b>	<b>372,904</b>	<b>965</b>	<b>372,904</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(62,516)</b>	<b>(65,114)</b>	<b>(10,584)</b>	<b>(874)</b>	<b>(139,088)</b>
<b>Fund Cash Balances, January 1, 2008</b>	<b>112,748</b>	<b>54,833</b>	<b>88,196</b>	<b>877</b>	<b>256,654</b>
<b>Fund Cash Balances, December 31, 2008</b>	<b>\$50,232</b>	<b>(\$10,281)</b>	<b>\$77,612</b>	<b>\$3</b>	<b>\$117,566</b>
<b>Reserves for Encumbrances, December 31, 2008</b>	<b>\$16,196</b>	<b>\$9,697</b>	<b>\$6,800</b>	<b>\$0</b>	<b>\$32,693</b>

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

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>FIDUCIARY FUND TYPE</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court	\$310,830
Total Operating Cash Receipts	310,830
<b>Operating Cash Disbursements:</b>	
Mayor's Court	313,710
Total Operating Cash Disbursements	313,710
Operating Income/(Loss)	(2,880)
Fund Cash Balance, January 1, 2008	3,040
<b>Fund Cash Balance, December 31, 2008</b>	<b>\$160</b>

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

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Newburgh Heights, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides various services including a mayor's court, police and fire protection, emergency medical service, park operations, street maintenance and repairs, and general administrative services.

The Village participates in the Northeast Ohio Public Energy Council (NOPEC) jointly governed organization. Note 11 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The Village utilizes a checking account and a savings account. The Village does not have any investments.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

Community Development Block Grant Fund – This fund receives federal grant money for the improvement of the community.

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire Department Operating Levy Fund – This fund receives intergovernmental and tax revenues to operate the fire department.

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**3. Capital Project Funds**

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

Municipal Center Fund – This fund is used to account for expenditures relating to the purchase and development of property along Harvard Avenue and Washington Park Blvd.

**4. Fiduciary Funds (Trust and Agency Funds)**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund accounts for the police pension prior to paying the funds to the retirement system (Expendable Trust).

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the collection and distribution of Mayor's Court fines, fees, and bonds (Agency Fund).

**E. Budgetary Process**

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

**1. Appropriations**

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

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Cash**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$79,978</u>	<u>\$117,726</u>
Total deposits	<u>\$79,978</u>	<u>\$117,726</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,872,473	\$1,573,961	(\$298,512)
Special Revenue	1,282,817	777,446	(505,371)
Capital Projects	541,239	400,000	(141,239)
Trust	11,056	8,239	(2,817)
Total	\$3,707,585	\$2,759,646	(\$947,939)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,621,508	\$1,659,265	(\$37,757)
Special Revenue	966,069	839,189	126,880
Capital Projects	484,621	459,654	24,967
Trust	11,056	8,242	2,814
Total	\$3,083,254	\$2,966,350	\$116,904

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,792,377	\$1,487,725	(\$304,652)
Special Revenue	1,233,699	792,470	(441,229)
Capital Projects	474,789	372,904	(101,885)
Trust	19,225	9,712	(9,513)
Total	\$3,520,090	\$2,662,811	(\$857,279)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,803,258	\$1,566,437	\$236,821
Special Revenue	1,084,809	867,281	217,528
Capital Projects	462,957	390,288	72,669
Trust	10,586	10,586	0
Total	\$3,361,610	\$2,834,592	\$527,018

Contrary to Ohio law, the Village did not properly certify the availability of funds.



**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Property Tax**

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

Tangible personal property taxes have been phased out for general personal property. The assessment percentage for all property including inventory for 2008 was 6.25 percent and reduced to zero for 2009. Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of 2009 taxes levied only against local and inter-exchange telephone companies. Tangible personal property taxes received in calendar year 2009 and 2008 were levied after October 1, 2008 and October 1, 2007 on the value as of December 31, 2008 and December 31, 2007. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

**5. Local Income Tax**

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. Debt**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Real Estate Acquisition Notes	<u>\$400,000</u>	4%
Total	<u><u>\$400,000</u></u>	

In August 2009 the Village issued \$400,000 in Real Estate Acquisition Notes at 4.00%. This was to purchase property to be used for Village purposes.

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**6. Debt (Continued)**

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

Year ending December 31:	Real Estate Acquisition Notes
2009	\$416,000
Total	\$416,000

**7. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. For 2009 and 2008, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**9. Contingent Liabilities**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**10. Related Party Transactions**

The current fire chief Richard Pugsley is employed full-time with Finley Fire Equipment. The Village paid Finley Fire Equipment \$4,201 and \$300 in 2008 and 2009, respectively.

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**11. Jointly Governed Organizations**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 104 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2009 or 2008. Financial information can be obtained by contacting NOPEC.

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# Mary Taylor, CPA

Auditor of State

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

Village of Newburgh Heights  
Cuyahoga County  
4000 Washington Park Boulevard  
Newburgh Heights, Ohio 44105

To the Village Council:

We have audited the financial statements of the Village of Newburgh Heights, Cuyahoga County, Ohio (the Village) as of and for the years ended December 31, 2009 and December 31, 2008, and have issued our report thereon dated May 5, 2010 wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village Solicitor did not respond to our request for information regarding certain legal contingencies. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 5, 2010.

We intend this report solely for the information and use of management and the Village Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

May 5, 2010

**VILLAGE OF NEWBURGH HEIGHTS  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	ORC 5705.41(D)(1), Failure to certify funds at the time of commitment.	No	Partially corrected; Issued as management letter comment
2007-002	ORC 5705.14(D), illegal transfer	Yes	
2007-003	The Village did not maintain any original documents relating to EMS run reports and did not review or approve monthly reports from Ohio Billing, Inc.	No	Partially corrected; Issued as management letter comment







**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEWBURGH HEIGHTS**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 12, 2010**