



**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village Council  
Village of Bratenahl  
Cuyahoga County  
411 Bratenahl Road  
Bratenahl, Ohio 44108

We have audited the accompanying financial statements of the Village of Bratenahl, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, 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 Bratenahl, Cuyahoga County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2001 on our consideration of the Villages's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 18, 2001

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**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,714,859	\$72,912	\$134,036	\$0	\$15,465	\$1,937,272
State Shared Taxes and Permits	600,122	44,478	18,300	0	2,112	665,012
Intergovernmental Receipts	0	37,250	0	0	0	37,250
Charges for Services	23,062	18,027	0	0	0	41,089
Fines, Licenses, and Permits	214,685	10,579	0	0	0	225,264
Earnings on Investments	131,981	0	0	0	0	131,981
Miscellaneous	58,330	15,290	0	4,379	0	77,999
<b>Total Cash Receipts</b>	<b>2,743,039</b>	<b>198,536</b>	<b>152,336</b>	<b>4,379</b>	<b>17,577</b>	<b>3,115,867</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	915,460	0	0	0	109,044	1,024,504
Public Health Services	3,414	0	0	0	0	3,414
Leisure Time Activities	0	77,361	0	0	0	77,361
Community Environment	97,980	0	0	0	0	97,980
Basic Utility Services	52,719	0	0	0	0	52,719
Transportation	393,941	34,332	0	0	0	428,273
General Government	639,934	10,839	0	0	0	650,773
Debt Service:						
Principal Payments	0	0	69,104	300,000	0	369,104
Interest Payments	0	0	53,059	11,963	0	65,022
Financing and Other Debt-Service Related	0	0	0	0	0	0
Capital Outlay	0	0	0	1,646	0	1,646
<b>Total Disbursements</b>	<b>2,103,448</b>	<b>122,532</b>	<b>122,163</b>	<b>313,609</b>	<b>109,044</b>	<b>2,770,796</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>639,591</b>	<b>76,004</b>	<b>30,173</b>	<b>(309,230)</b>	<b>(91,467)</b>	<b>345,071</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Bonds or Notes	0	0	0	150,002	0	150,002
Sale of Assets	25,506	0	0	0	0	25,506
Transfers-In	0	0	0	161,961	92,000	253,961
Transfers-Out	(253,961)	0	0	0	0	(253,961)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(228,455)</b>	<b>0</b>	<b>0</b>	<b>311,963</b>	<b>92,000</b>	<b>175,508</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>411,136</b>	<b>76,004</b>	<b>30,173</b>	<b>2,733</b>	<b>533</b>	<b>520,579</b>
<b>Fund Cash Balances January 1, 2000</b>	<b>1,499,533</b>	<b>115,571</b>	<b>177,575</b>	<b>(37,845)</b>	<b>1,048</b>	<b>1,755,882</b>
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$1,910,669</b>	<b>\$191,575</b>	<b>\$207,748</b>	<b>(\$35,112)</b>	<b>\$1,581</b>	<b>\$2,276,461</b>
<b>Reserves for Encumbrances, December 31, 2000</b>	<b>\$152,761</b>	<b>\$4,237</b>	<b>\$530</b>	<b>\$0</b>	<b>\$0</b>	<b>\$157,528</b>

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

**VILLAGE OF BRATENAHL**  
**CUYAHOGA COUNTY**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCE**  
**FIDUCIARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$0
Mayor's Court	\$167,702
Miscellaneous	0
	0
Total Operating Cash Receipts	167,702
<b>Operating Cash Disbursements:</b>	
Personal Services	0
Fringe Benefits	0
Contractual Services	0
Supplies and Materials	0
Mayor's Court	170,722
Capital Outlay	0
	0
Total Operating Cash Disbursements	170,722
Operating Income/(Loss)	(3,020)
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	0
Intergovernmental Receipts	0
Proceeds from Notes and Bonds	0
Other Non-Operating Receipts	0
	0
Total Non-Operating Cash Receipts	0
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	0
Other Non-Operating Cash Disbursements	0
	0
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(3,020)
Transfers-In	0
Advances-In	0
Transfers-Out	0
Advances-Out	0
	0
Net Receipts Over/(Under) Disbursements	(3,020)
Fund Cash Balances, January 1, 2000	106,131
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$103,111</b>
Reserve for Encumbrances, December 31, 2000	\$0

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

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,537,468	\$74,122	\$135,576	\$0	\$15,698	\$1,762,864
State Shared Taxes and Permits	924,999	42,410	17,847	0	2,005	987,261
Intergovernmental Receipts	0	0	0	37,202	0	37,202
Charges for Services	80,748	15,374	0	0	0	96,122
Fines, Licenses, and Permits	218,888	12,225	0	0	0	231,113
Earnings on Investments	76,718	0	0	0	0	76,718
Miscellaneous	57,388	0	0	30,275	0	87,663
<b>Total Cash Receipts</b>	<b>2,896,209</b>	<b>144,131</b>	<b>153,423</b>	<b>67,477</b>	<b>17,703</b>	<b>3,278,943</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	922,534	2,843	0	0	110,158	1,035,535
Public Health Services	1,683	0	0	0	0	1,683
Leisure Time Activities	0	122,480	0	0	0	122,480
Community Environment	83,729	0	0	0	0	83,729
Basic Utility Services	79,292	0	0	0	0	79,292
Transportation	374,184	28,981	0	0	0	403,165
General Government	508,453	1,402	0	0	0	509,855
Debt Service:						
Principal Payments	0	0	51,368	550,000	0	601,368
Interest Payments	0	0	55,762	21,725	0	77,487
Financing and Other Debt-Service Related	0	0	1,040	0	0	1,040
Capital Outlay	0	0	0	113,518	0	113,518
<b>Total Disbursements</b>	<b>1,969,875</b>	<b>155,706</b>	<b>108,170</b>	<b>685,243</b>	<b>110,158</b>	<b>3,029,152</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>926,334</b>	<b>(11,575)</b>	<b>45,253</b>	<b>(617,766)</b>	<b>(92,455)</b>	<b>249,791</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Bonds or Notes	0	0	0	300,000	0	300,000
Sale of Assets	0	0	0	0	0	0
Transfers-In	0	0	0	169,446	92,450	261,896
Transfers-Out	(261,896)	0	0	0	0	(261,896)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(261,896)</b>	<b>0</b>	<b>0</b>	<b>469,446</b>	<b>92,450</b>	<b>300,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>664,438</b>	<b>(11,575)</b>	<b>45,253</b>	<b>(148,320)</b>	<b>(5)</b>	<b>549,791</b>
<b>Fund Cash Balances January 1, 1999</b>	<b>835,095</b>	<b>127,146</b>	<b>132,322</b>	<b>110,475</b>	<b>1,053</b>	<b>1,206,091</b>
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$1,499,533</b>	<b>\$115,571</b>	<b>\$177,575</b>	<b>(\$37,845)</b>	<b>\$1,048</b>	<b>\$1,755,882</b>
<b>Reserves for Encumbrances, December 31, 1999</b>	<b>\$58,036</b>	<b>\$2,822</b>	<b>\$0</b>	<b>\$1,051</b>	<b>\$0</b>	<b>\$61,909</b>

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

**VILLAGE OF BRATENAHL**  
**CUYAHOGA COUNTY**  
**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCE**  
**FIDUCIARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$0
Mayor's Court	\$171,896
Miscellaneous	0
	0
Total Operating Cash Receipts	171,896
<b>Operating Cash Disbursements:</b>	
Personal Services	0
Fringe Benefits	0
Contractual Services	0
Supplies and Materials	0
Mayor's Court	175,801
Capital Outlay	970
	970
Total Operating Cash Disbursements	176,771
Operating Income/(Loss)	(4,875)
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	0
Intergovernmental Receipts	0
Proceeds from Notes and Bonds	0
Other Non-Operating Receipts	0
	0
Total Non-Operating Cash Receipts	0
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	0
Other Non-Operating Cash Disbursements	0
	0
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(4,875)
Transfers-In	0
Advances-In	0
Transfers-Out	0
Advances-Out	0
	0
Net Receipts Over/(Under) Disbursements	(4,875)
Fund Cash Balances, January 1, 1999	111,006
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$106,131</b>
Reserve for Encumbrances, December 31, 1999	\$0

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

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Bratenahl, Cuyahoga County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council and Mayor. The Village provides general governmental services, including road maintenance, park operations (leisure time activities), and police services.

The Village contracts with the City of Cleveland to provide fire protection.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Ohio Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**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:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds**

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

*Street Maintenance and Repair Fund* - This fund is used to account for gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

*Parks and Recreation Fund* - This fund is used to account for funding received from a recreation property tax levy for maintaining parks and providing recreational services to the Village residents.

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Debt Service Fund**

The debt service fund is used to account for resources for the payment of special assessment bond indebtedness.

**Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

*Village Hall Restoration Fund* - This fund is used to account for the revenue and expenditures associated with restoring the Village Hall.

*Water Main/Street Reconstruction Fund* - This fund is used to account for the Burton Avenue Improvement project.

**Fiduciary Funds (Expendable Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. The Village had no non-expendable trust funds. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Expendable Trust Fund**

*Police Disability and Pension Fund* - This fund is used to account for the employer portion of the Police Disability Pension Fund contribution.

**Agency Fund**

*Mayor's Court Fund* - This fund is used to account for activities for the Village Mayor's Court.

**E. Budgetary Process**

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

**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 BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**H. Total Columns**

Total columns on the financial statements are captioned "(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$3,672	\$61,113
Certificate of Deposit	2,375,000	1,800,000
Petty Cash	<u>900</u>	<u>900</u>
Total deposits	<u>\$2,379,572</u>	<u>\$1,862,013</u>

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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

**Investments:** The Village held no investments during the audit period.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,055,175	\$2,768,545	\$713,370
Special Revenue	120,493	198,536	78,043
Debt Service	149,152	152,336	3,184
Capital Projects	600,000	316,342	(283,658)
Expendable Trust	<u>120,711</u>	<u>109,577</u>	<u>(11,134)</u>
Total	<u>\$3,045,531</u>	<u>\$3,545,336</u>	<u>\$499,805</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,339,445	\$2,510,170	(\$170,725)
Special Revenue	235,322	126,769	108,553
Debt Service	275,000	122,693	152,307
Capital Projects	331,051	313,609	17,442
Expendable Trust	<u>114,000</u>	<u>109,044</u>	<u>4,956</u>
Total	<u>\$3,294,818</u>	<u>\$3,182,285</u>	<u>\$112,533</u>

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,965,837	\$2,896,209	\$930,372
Special Revenue	135,054	144,131	9,077
Debt Service	144,209	153,423	9,214
Capital Projects	1,150,000	536,923	(613,077)
Expendable Trust	<u>115,139</u>	<u>110,153</u>	<u>(4,986)</u>
Total	<u>\$3,510,239</u>	<u>\$3,840,839</u>	<u>\$330,600</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,174,941	\$2,289,807	(\$114,866)
Special Revenue	264,004	158,528	105,476
Debt Service	226,500	108,170	118,330
Capital Projects	702,033	686,294	15,739
Expendable Trust	<u>116,000</u>	<u>110,158</u>	<u>5,842</u>
Total	<u>\$3,483,478</u>	<u>\$3,352,957</u>	<u>\$130,521</u>

**Budgetary Activity/Compliance**

- A. Contrary to Ohio Rev. Code Sections 5705.41 (B) & (D), the Village's expenditures plus encumbrances exceeded appropriations in FY 2000 for the General Fund and Water Main/Street Reconstruction Fund and in FY 1999 for the General Fund, Parks and Recreation Fund, and Water Main/Street Reconstruction Fund.
- B. Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources in FY 2000 for the Parks and Recreation Fund. This violation also occurred in FY 1999 for the Parks and Recreation Fund and the Street Maintenance and Repair Fund.
- C. The Lake Shore Resurfacing Fund carried a deficit fund balance of \$47,678 at December 31, 2000 and December 31, 1999 which is contrary to Ohio Rev. Code Section 5705.10.

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**Budgetary Activity/Compliance (Continued)**

- D. Contrary to Ohio Revised Code 5705.41 (D), the Village did not properly certify the availability of funds.
- E. The Village did not maintain an appropriation ledger as required by Ohio Administrative Code Section 117-5-11.

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds - Water Main	\$15,000	7.25%
General Obligation Bonds - Lakeshore Boulevard Improvement	870,000	5.40%
OPWC - Water Main and Street Replacement Program Loan	229,246	0.00%
Street Improvement Notes, Series 2000	<u>150,000</u>	4.80%
Total	<u>\$1,264,246</u>	

**VILLAGE OF BRATENAHL  
 CUYAHOGA COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2000 AND 1999  
 (Continued)**

**5. DEBT (Continued)**

The proceeds of the General Obligation Water Main Bonds, issued in 1975, were used for the construction and replacement of water mains within the Village. The General Obligation Lakeshore Boulevard Improvement Bond proceeds were used for the purpose of improving Lakeshore Boulevard and Bratenahl Road. The proceeds from the \$150,000 Street Improvement Notes, Series 2000, and the proceeds from the OPWC - Water Main and Street Replacement Program Loan were used for replacement of pavement, curbs, sidewalks, aprons and water lines on Burton Avenue. The bonds and the OPWC loan are being paid from the Debt Service Fund and the Street Improvement Notes are being paid from the Water Main/Street Reconstruction Capital Projects Fund. All bonded debt will be repaid using voted millage. Note and OPWC loan debt will be repaid using general operating revenues of the Village.

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

<u>Year ending December 31:</u>	<u>Water Main</u>	<u>Lakeshore Improvement</u>	<u>OPWC - Water Main and Street Replacement Loan</u>	<u>General Obligation Notes</u>
2001	\$16,088	\$83,990	\$6,368	\$157,200
2002	0	82,100	12,736	0
2003	0	85,210	12,736	0
2004	0	83,050	12,736	0
2005	0	85,890	12,736	0
Subsequent	<u>0</u>	<u>931,086</u>	<u>171,934</u>	<u>0</u>
Total	<u>\$16,088</u>	<u>\$1,351,326</u>	<u>\$229,246</u>	<u>\$157,200</u>

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 1999 and 10.84% for 2000, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Law Enforcement Liability
- Blanket Employee Dishonesty

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

**8. CONTINGENT LIABILITIES**

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

**9. NORTHEAST OHIO PUBLIC ENERGY COUNCIL**

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2000. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village Council  
Village of Bratenahl  
Cuyahoga County  
411 Bratenahl Road  
Bratenahl, Ohio 44108

We have audited the financial statements of the Village of Bratenahl, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 18, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30818-001 through 2000-30818-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 18, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 18, 2001.

This report is intended for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 18, 2001

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2000-30818-001</b>
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Ohio Rev. Code Sections 5705.41(B) & (D) prohibits a subdivision or taxing unit from making an expenditure or an expenditure plus encumbrances unless it has been properly appropriated. As disclosed in Note 3 to the Villages's cash basis financial statements, the following funds had expenditures plus encumbrances exceeding appropriations:

At December 31, 2000:

Fund	Appropriations	Expenditures Plus Encumbrances	Variance
General	\$2,339,445	\$2,510,170	(\$170,725)

At December 31, 1999:

General	\$2,174,941	\$2,289,807	(\$114,866)
Parks and Recreation	106,585	124,795	(18,210)

This weakness could allow expenditures in any of the above funds to exceed the total of the available fund balance and the current year revenues. This weakness could result in negative fund balance(s).

The Village was aware of these requirements, but its control procedures failed to prevent or detect the non-compliance in these instances.

We recommend the Village compare appropriations to expenditures and appropriations to expenditures plus encumbrances, in all funds which are legally required to be budgeted, to ensure compliance with this requirement. This comparison should be performed on a monthly basis, at a minimum.

<b>Finding Number</b>	<b>2000-30818-002</b>
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Ohio Rev. Code Section 5705.41(D) states, in part, that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two exceptions to the above requirements:

- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.

**VILLAGE OF BRATENAHL  
 CUYAHOGA COUNTY  
 SCHEDULE OF FINDINGS  
 DECEMBER 31, 2000 AND 1999  
 (Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS        REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2000-30818-002</b>
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- If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The Village did not use purchase orders for 70% of the expenditure transactions tested during the audit period and the Clerk did not properly certify the availability of funds for 62% of the expenditure transactions tested.

This weakness could allow expenditures to exceed the total of the available fund balance and the current year revenues. This could result in a negative fund balance(s).

The Village was aware of these requirements, however failed to implement them.

We recommend the Village begin to use purchase orders for all expenditures to assist in monitoring expenditure activities and to properly certify the availability of funds for any orders or contracts involving the expenditure of money to ensure compliance with this requirement. Where prior certification is not feasible, we encourage the Village to utilize then and now certificates or blanket certificates.

<b>Finding Number</b>	<b>2000-30818-003</b>
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Ohio Rev. Code Section 5705.10 states money paid into any fund shall be used only for the purposes for which that fund is established.

At December 31, 2000 and December 31, 1999, the Village carried a negative cash balance in its Lake Shore Resurfacing Fund of \$47,678.

The deficit fund balance was the result of the Village improperly paying note principal out of the Debt Service Fund.

The Village must post the required adjustments to their financial records and transfer the funds necessary, from the General Fund, to alleviate the negative cash balance.

**VILLAGE OF BRATENAHL  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2000-30818-004</b>
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Ohio Admin. Code Section 117-5-11 states, in part, that the Village shall maintain an appropriation ledger which shall contain a separate appropriation account for each appropriation amount. An amount shall be posted to each appropriation account equal to the amount appropriated for that account in the annual appropriation resolution(s). Each encumbrance or expenditure charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. The Village did not maintain a properly completed appropriation ledger and they did not use purchase orders for the majority of transactions during the audit period. Where purchase orders were employed, the encumbered amount was not posted to the appropriations ledger.

These weaknesses could allow expenditures to exceed the total of the available fund balance and the current year revenues. This would result in negative fund balance(s).

The Village was aware of these requirements, however failed to implement the necessary procedures to prevent the violation.

We recommend that the Village maintain an appropriation ledger and use purchase orders for all transactions to assist in monitoring expenditure activities and to ensure compliance with this requirement.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF BRATENAHL**

**CUYAHOGA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 12, 2001**