



**VILLAGE OF CUYAHOGA HEIGHTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Cuyahoga Heights
Cuyahoga County
4863 East 71st Street
Cuyahoga Heights, Ohio 44125

To the Village Council:

We have audited the accompanying financial statements of the Village of Cuyahoga Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. 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 discussed 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 Cuyahoga Heights, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, 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 April 14, 2000 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 grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 14, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,695,210	\$162,128	\$0	\$7,857,338
Intergovernmental Receipts	245,206	94,424	0	339,630
Charges for Services	89,622	0	0	89,622
Fines, Licenses, and Permits	103,351	110	0	103,461
Earnings on Investments	603,256	0	65,287	668,543
Miscellaneous	10,484	0	0	10,484
Total Cash Receipts	<u>8,747,129</u>	<u>256,662</u>	<u>65,287</u>	<u>9,069,078</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,819,240	641,590	0	4,460,830
Public Health Services	10,233	0	0	10,233
Leisure Time Activities	234,399	0	0	234,399
Community Environment	42,259	0	0	42,259
Basic Utility Services	63,216	53,272	0	116,488
Transportation	44,658	165,974	0	210,632
General Government	2,787,685	0	0	2,787,685
Capital Outlay	307,496	0	435,319	742,815
Total Disbursements	<u>7,309,186</u>	<u>860,836</u>	<u>435,319</u>	<u>8,605,341</u>
Total Receipts Over/(Under) Disbursements	<u>1,437,943</u>	<u>(604,174)</u>	<u>(370,032)</u>	<u>463,737</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	489	0	0	489
Transfers-In	0	580,300	3,462,763	4,043,063
Transfer-Out	(4,043,063)	0	0	(4,043,063)
Other Sources	209,768	0	0	209,768
Total Other Financing Receipts/(Disbursements)	<u>(3,832,806)</u>	<u>580,300</u>	<u>3,462,763</u>	<u>210,257</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(2,394,863)</u>	<u>(23,874)</u>	<u>3,092,731</u>	<u>673,994</u>
Fund Cash Balances January 1	<u>7,318,658</u>	<u>867,901</u>	<u>4,693,655</u>	<u>12,880,214</u>
Fund Cash Balances, December 31	<u>\$4,923,795</u>	<u>\$844,027</u>	<u>\$7,786,386</u>	<u>\$13,554,208</u>
Reserves for Encumbrances, December 31	<u>\$13,571</u>	<u>\$0</u>	<u>\$29,830</u>	<u>\$43,401</u>

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

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

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Charges for Services	\$1,534
Mayor's Court	75,081
Total Operating Cash Receipts	76,615
Operating Cash Disbursements:	
Travel Transportation	42,043
Contractual Services	1,594
Mayor's Court	76,795
Total Operating Cash Disbursements	120,432
Operating Income/(Loss)	(43,817)
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	51,027
Total Non-Operating Cash Receipts	51,027
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	1,000
Total Non-Operating Cash Disbursements	1,000
Net Receipts Over/(Under) Disbursements	6,210
Fund Cash Balance, January 1	15,422
Fund Cash Balance, December 31	\$21,632

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,234,719	\$126,863	\$0	\$7,361,582
Intergovernmental Receipts	200,457	85,595	0	286,052
Charges for Services	81,454	0	0	81,454
Fines, Licenses, and Permits	85,709	300	0	86,009
Earnings on Investments	566,672	0	94,150	660,822
Miscellaneous	177,998	0	0	177,998
Total Cash Receipts	<u>8,347,009</u>	<u>212,758</u>	<u>94,150</u>	<u>8,653,917</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,696,362	596,751	0	4,293,113
Public Health Services	7,113	0	0	7,113
Leisure Time Activities	202,359	0	0	202,359
Community Environment	28,540	0	0	28,540
Basic Utility Services	66,396	50,737	0	117,133
Transportation	11,163	45,794	0	56,957
General Government	2,265,329	0	0	2,265,329
Capital Outlay	267,539	0	642,447	909,986
Total Disbursements	<u>6,544,801</u>	<u>693,282</u>	<u>642,447</u>	<u>7,880,530</u>
Total Receipts Over/(Under) Disbursements	<u>1,802,208</u>	<u>(480,524)</u>	<u>(548,297)</u>	<u>773,387</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	35,042	0	0	35,042
Transfers-In	0	486,000	3,015,783	3,501,783
Transfer-Out	(3,501,783)	0	0	(3,501,783)
Other Sources	49,701	0	0	49,701
Total Other Financing Receipts/(Disbursements)	<u>(3,417,040)</u>	<u>486,000</u>	<u>3,015,783</u>	<u>84,743</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(1,614,832)</u>	<u>5,476</u>	<u>2,467,486</u>	<u>858,130</u>
Fund Cash Balances January 1	<u>8,933,490</u>	<u>862,425</u>	<u>2,226,169</u>	<u>12,022,084</u>
Fund Cash Balances, December 31	<u>\$7,318,658</u>	<u>\$867,901</u>	<u>\$4,693,655</u>	<u>\$12,880,214</u>
Reserves for Encumbrances, December 31	<u>\$37,582</u>	<u>\$0</u>	<u>\$70,058</u>	<u>\$107,640</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Charges for Services	\$1,005
Mayor's Court	59,626
	60,631
Total Operating Cash Receipts	60,631
Operating Cash Disbursements:	
Travel Transportation	46,497
Contractual Services	11,905
Mayor's Court	60,503
	118,905
Total Operating Cash Disbursements	118,905
Operating Income/(Loss)	(58,274)
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	56,909
	56,909
Total Non-Operating Cash Receipts	56,909
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	1,700
	1,700
Total Non-Operating Cash Disbursements	1,700
Net Receipts Over/(Under) Disbursements	(3,065)
Fund Cash Balance, January 1	18,487
Fund Cash Balance, December 31	\$15,422

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Cuyahoga Heights, 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 Mayor, Clerk, Treasurer, and six-member Council and operates under a charter originally adopted in August 1919. The Village provides police and fire protection services, emergency medical services, street maintenance and repair, sanitation services, park and recreation operations (leisure time activities), and Mayor's Court and general governmental services.

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 Auditor of State, which is similar to the cash receipts and disbursements 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 Auditor of State.

C. Cash and Investments

Federal Home Loan Bank Discount Notes and Repurchase Agreements are valued at cost. The investments in STAR Ohio (the State Treasurer's investment pool) are valued at amounts reported by the State Treasurer.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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:

Police Pension Fund - This fund is used to account for tax revenue used to liquidate the Village's obligation for pension contributions.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Pension Fund - This fund is used to account for tax revenue used to liquidate the Village's obligation for pension contributions.

3. 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 Fund:

Construction Fund - This fund receives interest income proceeds and transfers from General Fund. The proceeds are being used to fund various Village capital improvement projects.

4. Fiduciary Fund (Agency Funds)

Fiduciary funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Funds:

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

Recreation Board Fund - This fund is used to account for activities and trips arranged by the Village Recreation Board.

Senior Citizens Fund - This fund is used to account for activities and trips arranged by the Village for its senior citizens.

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 for the General Fund and the fund level of control for all other funds, 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 1999 and 1998 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.

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>1999</u>	<u>1998</u>
Demand deposits	\$ (73,439)	\$ 34,990
Petty Cash	3,800	3,800
	<u>(69,639)</u>	<u>38,790</u>
Total deposits		
Federal Home Loan Bank Discount Notes	473,995	478,332
Repurchase Agreement	542,000	349,000
STAR Ohio	<u>12,629,484</u>	<u>12,029,514</u>
Total investments	<u>13,645,479</u>	<u>12,856,846</u>
Total deposits and investments	<u>\$ 13,575,840</u>	<u>\$ 12,895,636</u>

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Investments: The Federal Home Loan Bank Discount Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in Repurchase Agreements are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,418,406	\$ 8,957,386	\$ 538,980
Special Revenue	840,264	836,962	(3,302)
Capital Projects	3,500,000	3,528,050	28,050
Total	<u>\$ 12,758,670</u>	<u>\$ 13,322,398</u>	<u>\$ 563,728</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 11,577,732	\$ 11,365,820	\$ 211,912
Special Revenue	841,500	860,836	(19,336)
Capital Projects	3,020,058	465,149	2,554,909
Total	<u>\$ 15,439,290</u>	<u>\$ 12,691,805</u>	<u>\$ 2,747,485</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 7,967,899	\$ 8,431,752	\$ 463,853
Special Revenue	644,834	698,758	53,924
Capital Projects	2,544,000	3,109,933	565,933
Total	<u>\$ 11,156,733</u>	<u>\$ 12,240,443</u>	<u>\$ 1,083,710</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,563,411	\$ 10,084,166	\$ 479,245
Special Revenue	759,500	693,282	66,218
Capital Projects	4,202,690	712,505	3,490,185
Total	\$ 15,525,601	\$ 11,489,953	\$ 4,035,648

4. COMPLIANCE ISSUES

The Village's expenditures plus encumbrances exceeded appropriations in FY 1999 for the Street Construction, Maintenance, and Repair Fund, Sewer User Fund, and Enforcement and Education Fund and in FY 1998 for the Fire Pension Fund.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. 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.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of law enforcement and 24% firefighter gross salaries. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Property/Inland Marine
- Auto/General Liability
- Public Officials Errors and Omissions
- Law Enforcement Liability
- Fire Department/Ambulance Liability

The Village is self-insured for employee's health, dental and vision insurance.

8. CONTINGENT LIABILITIES

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

9. RELATED PARTY TRANSACTIONS

A village council member is employed by a family owned heating and cooling company from which the Village acquired services during 1999 and 1998. The Village paid \$23,516 in 1999 and \$29,179 in 1998 for these services. All payments to this company are approved by vote of council with the applicable council member abstaining from this vote.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

Village of Cuyahoga Heights
Cuyahoga County
4863 East 71st Street
Cuyahoga Heights, Ohio 44125

To the Village Council:

We have audited the financial statements of the Village of Cuyahoga Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 14, 2000. 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30818-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated April 14, 2000.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-30818-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated April 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

April 14, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 and 1998**

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

FINDING NUMBER 1999-30818-001

Noncompliance Citation

Ohio Rev. Code Sections 5705.41(B) & (D) prohibits a subdivision or taxing unit from making an expenditure or an expenditure plus an encumbrance unless it has been properly appropriated. As disclosed in Note 4 to the Villages's cash basis financial statements, the following funds had expenditures plus encumbrances exceeding appropriations at December 31, 1999:

Fund	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Variance</u>
Street Construction, Maintenance and Repair Fund	\$ 70,000	\$ 165,974	(\$95,974)
Enforcement and Education Fund	1,500	2,500	(1,000)

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

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 a negative fund balance(s).

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 every time an expenditure/encumbrance transaction is initiated.

FINDING NUMBER 1999-30818-002

Reportable Condition

Year-End Reconciliation

During the entire audit period, the Village was not performing accurate monthly reconciliations for their general bank account and their payroll clearance bank account.

Without completed and accurate monthly bank reconciliations, the Village's internal control structure is weakened, which could hinder the detection of errors or irregularities, by the Village's employees, in a timely manner. In addition, Village management is not provided with timely fiscal information that is vital to the continued operations of the Village, which could also have a negative material effect or impact on the Village's financial statements.

The Village must reconcile both accounts on a monthly basis, no later than twenty days after month end. These reconciliations should be submitted to the Council and Mayor along with the Village's monthly financial report.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF CUYAHOGA 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
MAY 16, 2000**