



Dave Yost • Auditor of State

VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY

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Dave Yost • Auditor of State

Village of Boston Heights
Summit County
45 E. Boston Mills Road
Hudson, Ohio 44236

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 18, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Boston Heights
Summit County
45 E. Boston Mills Road
Hudson, Ohio 44236

To the Village Council:

We have audited the accompanying financial statements of the Village of Boston Heights, Summit County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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.

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 Governments 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Boston Heights, Summit County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2010 the Village of Boston Heights adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 18, 2012

Village of Boston Heights
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2011

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$175,223	\$271,448	\$19,518	\$466,189
Municipal Income Tax	912,148			912,148
Intergovernmental	157,824	143,200	2,241	303,265
Charges for Services	29,101	16,127		45,228
Fines, Licenses and Permits	257,150	25,774		282,924
Earnings on Investments	2,422	149	3	2,574
Miscellaneous	23,132	3,666		26,798
<i>Total Cash Receipts</i>	<u>1,557,000</u>	<u>460,364</u>	<u>21,762</u>	<u>2,039,126</u>
Cash Disbursements				
Current:				
Security of Persons and Property	799,871	121,350		921,221
Public Health Services	24,203			24,203
Leisure Time Activities		35,737		35,737
Community Environment	33,255			33,255
Basic Utility Services	8,350			8,350
Transportation	270,685	101,729		372,414
General Government	477,589	11,850	5,867	495,306
Capital Outlay	16,120	217,194	36,850	270,164
<i>Total Cash Disbursements</i>	<u>1,630,073</u>	<u>487,860</u>	<u>42,717</u>	<u>2,160,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(73,073)</u>	<u>(27,496)</u>	<u>(20,955)</u>	<u>(121,524)</u>
Other Financing Receipts (Disbursements)				
Transfers In		15,000		15,000
Transfers Out	(15,000)			(15,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,000)</u>	<u>15,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(88,073)	(12,496)	(20,955)	(121,524)
<i>Fund Cash Balances, January 1</i>	<u>960,715</u>	<u>703,524</u>	<u>32,124</u>	<u>1,696,363</u>
Fund Cash Balances, December 31				
Restricted	0	691,028	11,169	702,197
Assigned	101,337	0	0	101,337
Unassigned (Deficit)	771,305	0	0	771,305
<i>Fund Cash Balances, December 31</i>	<u>\$872,642</u>	<u>\$691,028</u>	<u>\$11,169</u>	<u>\$1,574,839</u>

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

Village of Boston Heights
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2011

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services		\$400	\$400
Fines and Forfeitures	\$409,616		409,616
Earnings on Investments (trust funds only)		62	62
<i>Total Operating Cash Receipts</i>	<u>409,616</u>	<u>462</u>	<u>410,078</u>
Operating Cash Disbursements			
Supplies and Materials		6,188	6,188
Other Fines and Forfeitures	412,436		412,436
<i>Total Operating Cash Disbursements</i>	<u>412,436</u>	<u>6,188</u>	<u>418,624</u>
<i>Operating Income (Loss)</i>	<u>(2,820)</u>	<u>(5,726)</u>	<u>(8,546)</u>
<i>Fund Cash Balances, January 1</i>	<u>83,797</u>	<u>72,899</u>	<u>156,696</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$80,977</u></u>	<u><u>\$67,173</u></u>	<u><u>\$148,150</u></u>

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

Village of Boston Heights
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2010

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$181,451	\$270,553	\$19,785	\$471,789
Municipal Income Tax	1,104,078			1,104,078
Intergovernmental	104,704	133,044	2,231	239,979
Charges for Services	25,752	14,952		40,704
Fines, Licenses and Permits	314,476	17,962		332,438
Earnings on Investments	2,123	241	3	2,367
Miscellaneous	15,684	4,164		19,848
<i>Total Cash Receipts</i>	<u>1,748,268</u>	<u>440,916</u>	<u>22,019</u>	<u>2,211,203</u>
Cash Disbursements				
Current:				
Security of Persons and Property	846,949	23,980		870,929
Public Health Services	24,323			24,323
Leisure Time Activities		34,198		34,198
Community Environment	27,359			27,359
Basic Utility Services	8,657			8,657
Transportation	205,254	104,737		309,991
General Government	460,650	12,966	3,639	477,255
Capital Outlay		46,156	8,595	54,751
Debt Service:				
Principal Retirement		20,720		20,720
Interest and Fiscal Charges		2,925		2,925
<i>Total Cash Disbursements</i>	<u>1,573,192</u>	<u>245,682</u>	<u>12,234</u>	<u>1,831,108</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>175,076</u>	<u>195,234</u>	<u>9,785</u>	<u>380,095</u>
Other Financing Receipts (Disbursements)				
Sale of Lease	44,500			44,500
Transfers In		5,000		5,000
Transfers Out	(5,000)			(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>39,500</u>	<u>5,000</u>	<u>0</u>	<u>44,500</u>
<i>Net Change in Fund Cash Balances</i>	214,576	200,234	9,785	424,595
<i>Fund Cash Balances, January 1</i>	<u>746,139</u>	<u>503,290</u>	<u>22,339</u>	<u>1,271,768</u>
Fund Cash Balances, December 31				
Restricted	0	703,524	32,124	735,648
Assigned	27,383	0	0	27,383
Unassigned	933,332	0	0	933,332
<i>Fund Cash Balances, December 31</i>	<u>\$960,715</u>	<u>\$703,524</u>	<u>\$32,124</u>	<u>\$1,696,363</u>

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

Village of Boston Heights
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2010

	Fiduciary Fund Types		Totals
	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services		\$710	\$710
Fines and Forfeitures	\$461,014		461,014
Earnings on Investments (trust funds only)		61	61
<i>Total Operating Cash Receipts</i>	<u>461,014</u>	<u>771</u>	<u>461,785</u>
Operating Cash Disbursements			
Other Fines and Forfeitures	463,091		463,091
<i>Total Operating Cash Disbursements</i>	<u>463,091</u>	<u>0</u>	<u>463,091</u>
<i>Operating Income (Loss)</i>	<u>(2,077)</u>	<u>771</u>	<u>(1,306)</u>
<i>Fund Cash Balances, January 1</i>	<u>85,874</u>	<u>72,128</u>	<u>158,002</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$83,797</u></u>	<u><u>\$72,899</u></u>	<u><u>\$156,696</u></u>

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

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Boston Heights, Summit County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, park operations, fire protection and police services. The Village contracts with the City of Macedonia Fire Department to provide dispatch and emergency medical services.

The Village participates in the Regional Council of Governments (RCOG), which is a 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. Deposits and Investments

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

The Village values overnight repurchase agreements at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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

Fire Levy Fund – This fund receives revenue generated from a special tax levy for capital improvements of the Village fire department.

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's only capital project fund is the Capital Improvement Fund which is used to account for the portion of tax revenue used for capital improvements in the Village.

4. Fiduciary 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 is used for the benefit of the Village's cemetery.

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 funds account for Refundable Performance Bond deposits for residential or commercial site improvements within the Village and Mayor's Court fine monies from traffic violations and other Mayor's Court activities.

VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

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

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, department and personal service/other 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.

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 2011 and 2010 budgetary activity appears in Note 4.

F. **Fund Balance**

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

1. **Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

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

VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

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

F. **Fund Balance (Continued)**

3. **Committed**

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

4. **Assigned**

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

5. **Unassigned**

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

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

G. **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.

H. **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. **Change in Accounting Principle**

For fiscal years 2011 and 2010, the Village implemented the provisions of Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$103,840	\$103,968
Other time deposits (High Yield Savings)	64,149	69,091
Total deposits	167,989	173,059
Repurchase agreement		
Total investments	1,555,000	1,680,000
Total deposits and investments	\$1,722,989	\$1,853,059

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

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,590,911	\$1,557,000	(\$33,911)
Special Revenue	435,150	475,364	40,214
Capital Projects	22,084	21,762	(322)
Trust	0	462	462
Total	\$2,048,145	\$2,054,588	\$6,443

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,786,384	\$1,746,410	\$39,974
Special Revenue	1,128,500	567,505	560,995
Capital Projects	48,638	45,377	3,261
Trust	8,000	6,188	1,812
Total	\$2,971,522	\$2,365,480	\$606,042

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,753,882	\$1,792,768	\$38,886
Special Revenue	449,822	445,916	(3,906)
Capital Projects	22,141	22,019	(122)
Trust	0	771	771
Total	\$2,225,845	\$2,261,474	\$35,629

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,907,674	\$1,605,575	\$302,099
Special Revenue	949,171	253,382	695,789
Capital Projects	43,493	17,432	26,061
Trust	1,500	0	1,500
Total	\$2,901,838	\$1,876,389	\$1,025,449

5. 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 tax is assessed by the property owners, who must file a list of such property to 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. 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.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Debt

The Village had no outstanding debt at December 31, 2011.

8. Retirement Systems

The Village's 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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Commercial Inland Marine;
- General Liability;
- Errors and omissions;
- Employer's Liability;
- Employee Benefits Liability;
- Cemetery Liability.

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

10. 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.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

11. Jointly Governed Organizations

In 1971, 38 municipalities joined together to organize a Regional Council of Governments (RCOG) under the authority of Chapter 167 of the Ohio Revised Code to administer tax collection and enforcement concerns facing the cities and villages. The purpose of the RCOG is to foster cooperation between the municipalities through sharing of facilities for their common benefit. This includes the establishment of a central collection facility for the purpose of administering the income tax laws of the various municipal corporations who are members of the RCOG and for the purpose of collecting income taxes on behalf of each member municipality, doing all things allowed by law to accomplish such purpose.

The first official act of the RCOG was to form the Regional Income Tax Agency (RITA). Today RITA serves as the income tax collection agency for over 160 municipalities throughout the State of Ohio. Each member municipality appoints its own delegate to the RCOG, including electing members to the RITA Board of Trustees. Regardless of the population or tax collections of member municipalities, each member of the RCOG has an equal say in the operations of RITA. The Council did not receive any funding from the Village during the current year.



Dave Yost • 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 Boston Heights
Summit County
45 E. Boston Mills Road
Hudson, Ohio 44236

To the Village Council:

We have audited the financial statements of the Village of Boston Heights (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 18, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America, and wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54. 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 opinions 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 18, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 18, 2012

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	<p>Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose. Seven out of 24, or 29.17% of disbursements tested were improperly certified. Of these, three did not utilize a purchase order, two disbursements had purchase orders dated after the invoice date, and two disbursements were certified, but not entered into the Village accounting system.</p>	YES	

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Dave Yost • Auditor of State

VILLAGE OF BOSTON HEIGHTS

SUMMIT 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 7, 2012