



**Auditor of State
Betty Montgomery**

VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Newburgh Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides 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 Newburgh Heights, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, 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 October 29, 2004 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. 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 audit.

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.

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

Betty Montgomery
Auditor of State

October 29, 2004

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$823,266	\$130,228	\$0	\$6,444	\$959,938
Intergovernmental Receipts	194,733	180,523	0	890	376,146
Charges for Services	114,691	18,960	0	0	133,651
Fines, Licenses, and Permits	279,017	24,681	0	0	303,698
Earnings on Investments	414	0	0	0	414
Miscellaneous	30,244	3,314	0	0	33,558
Total Cash Receipts	1,442,365	357,706	0	7,334	1,807,405
Cash Disbursements:					
Current:					
Security of Persons and Property	770,556	147,231	0	8,280	926,067
Public Health Services	1,572	0	0	0	1,572
Leisure Time Activities	11,894	0	0	0	11,894
Community Environment	0	27,457	0	0	27,457
Basic Utility Services	84,132	0	0	0	84,132
Transportation	116,335	71,528	0	0	187,863
General Government	402,425	19,380	0	0	421,805
Capital Outlay	22,364	95,566	16,371	0	134,301
Total Cash Disbursements	1,409,278	361,162	16,371	8,280	1,795,091
Total Receipts Over/(Under) Disbursements	33,087	(3,456)	(16,371)	(946)	12,314
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	1,815	100	0	0	1,915
Transfers-In	714	21,000	0	0	21,714
Transfers-Out	(21,000)	(714)	0	0	(21,714)
Total Other Financing Receipts/(Disbursements)	(18,471)	20,386	0	0	1,915
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,616	16,930	(16,371)	(946)	14,229
Fund Cash Balances, January 1, 2003	20,583	75,310	70,904	1,232	168,029
Fund Cash Balances, December 31, 2003	\$35,199	\$92,240	\$54,533	\$286	\$182,258
Reserves for Encumbrances, December 31, 2003	\$13,417	\$10,918	\$472	\$0	\$24,807

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

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	FIDUCIARY FUND TYPE
	Agency
Operating Cash Receipts:	
Mayor's Court	\$358
Total Operating Cash Receipts	3358
Operating Cash Disbursements:	
Mayor's Court	334,6
Total Operating Cash Disbursements	334,6
Operating Income(bss)	3,84
End Cash Balances, January 1, 2003	4,28
Fund Cash Balances, December 31, 2003	\$8,183

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

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$857,400	\$134,996	\$0	\$6,633	\$999,029
Intergovernmental Receipts	256,916	160,712	0	920	418,548
Charges for Services	70,667	26,430	0	0	97,097
Fines, Licenses, and Permits	263,463	33,032	0	0	296,495
Earnings on Investments	2,224	0	0	0	2,224
Miscellaneous	59,676	2,650	0	0	62,326
Total Cash Receipts	1,510,346	357,820	0	7,553	1,875,719
Cash Disbursements:					
Current:					
Security of Persons and Property	834,279	160,538	0	8,444	1,003,261
Public Health Services	1,816	0	0	0	1,816
Leisure Time Activities	14,454	0	0	0	14,454
Community Environment	0	20,534	0	0	20,534
Basic Utility Services	84,132	0	0	0	84,132
Transportation	137,780	69,227	0	0	207,007
General Government	410,224	32,513	0	0	442,737
Capital Outlay	40,746	61,232	22,980	0	124,958
Total Cash Disbursements	1,523,431	344,044	22,980	8,444	1,898,899
Total Receipts Over/(Under) Disbursements	(13,085)	13,776	(22,980)	(891)	(23,180)
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	1,011	0	0	0	1,011
Total Other Financing Receipts/(Disbursements)	1,011	0	0	0	1,011
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,074)	13,776	(22,980)	(891)	(22,169)
Fund Cash Balances, January 1, 2002	32,657	61,534	93,884	2,123	190,198
Fund Cash Balances, December 31, 2002	\$20,583	\$75,310	\$70,904	\$1,232	\$168,029
Reserves for Encumbrances, December 31, 2002	\$13,068	\$16,035	\$236	\$0	\$29,339

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

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	FIDUCIARY FUND TYPE
	Agency
Operating Cash Receipts:	
Mayor's Court	\$331,462
Total Operating Cash Receipts	331,462
Operating Cash Disbursements:	
Mayor's Court	331,371
Total Operating Cash Disbursements	331,371
Operating Income/(Loss)	91
Fund Cash Balances, January 1, 2002	4,198
Fund Cash Balances, December 31, 2002	\$4,289

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

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Newburgh 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 six-member Council and Mayor. The Village provides various services including a mayor's court, police and fire protection, emergency medical service, park operations, street maintenance and repairs, and general administrative services.

The Village'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

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

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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:

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

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

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

LTV Settlement Fund – This fund is used to account for expenditures relating to various community upgrades.

4. Fiduciary Funds (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 nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Police Disability and Pension Fund - This fund is used to account for the police pension prior to paying the funds to the retirement system (Expendable Trust).

Mayor's Court Fund - This fund is used to account for the collection and distribution of Mayor's Court fines, fees, and bonds (Agency Fund).

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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. The Village did not properly encumber all commitments required by Ohio law in violation of Ohio Revised Code 5705.41.

A summary of 2003 and 2002 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2003</u>	<u>2002</u>
Demand deposits	<u>\$190,441</u>	<u>\$172,318</u>
Total Deposits	<u><u>\$190,441</u></u>	<u><u>\$172,318</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,467,094	\$1,444,894	(\$22,200)
Special Revenue	420,692	378,806	(41,886)
Capital Projects	0	0	0
Expendable Trust	7,311	7,334	23
Total	\$1,895,097	\$1,831,034	(\$64,063)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,443,348	\$1,443,695	(\$347)
Special Revenue	378,349	372,794	5,555
Capital Projects	16,607	16,843	(236)
Expendable Trust	8,280	8,280	0
Total	\$1,846,584	\$1,841,612	\$4,972

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,511,356	\$1,511,357	\$1
Special Revenue	384,624	357,820	(26,804)
Capital Projects	0	0	0
Expendable Trust	7,553	7,553	0
Total	\$1,903,533	\$1,876,730	(\$26,803)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,542,352	\$1,536,499	\$5,853
Special Revenue	346,312	360,079	(13,767)
Capital Projects	22,980	23,216	(236)
Expendable Trust	8,444	8,444	0
Total	\$1,920,088	\$1,928,238	(\$8,150)

Contrary to Ohio law, the Community Development Block Grant fund, a Special Revenue Fund type, had a cash deficit fund balance of \$18,723 at December 31, 2003 and \$26,802 at December 31, 2002.

Contrary to Ohio law, the Village was in violation of 5705.41(B) for various funds in 2002 and 2003.

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. 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 payments, 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.

5. LOCAL INCOME TAX

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

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

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2003 and 2002, members of OP&F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

8. 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 and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2002 or 2003. Financial information can be obtained by contacting NOPEC.



Auditor of State Betty Montgomery

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

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

To the Village Council:

We have audited the financial statements of the Village of Newburgh Heights, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated October 29, 2004. 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 *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 tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 and 2003-002. We also noted a certain immaterial instance of noncompliance that we have reported to the Village's management in a separate letter dated October 29, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 the Village's management in a separate letter dated October 29, 2004.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

This report is intended solely 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.

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

Betty Montgomery
Auditor of State

October 29, 2004

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER	2003-001
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Ohio Revised Code § 5705.10, requires, in part, that money paid into any fund shall be used only for the purposes for which such fund is established.

The Community Development Block Grant (CDBG) fund had a cash deficit fund balance of \$18,723 for the year ending December 31, 2003 and \$26,802 for the year ending December 31, 2002.

The CDBG grant is a federal grant and expenditures are reimbursed after incurred by the Village. The negative cash fund balance in the CDBG fund was due to the Village not requesting timely reimbursement of expenditures from Cuyahoga County.

The Village should request reimbursements as expenditures are made. In addition, the Village should review cash fund balances on a monthly basis to determine if any negative balances exist. If negative balances occur, the Village should advance monies from the General Fund until reimbursements are received.

FINDING NUMBER	2003-002
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Ohio Revised Code § 5705.41(D)(1) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance.

This section also provides several exceptions to the above requirement:

- “Then and Now” - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that both at the time that the contract or order was made and at the time that she is completing her certification, a sufficient sum was available or in the process of collection, to the credit of a proper fund, properly appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- If the amount involved is less than one thousand dollars (\$3,000 after April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Village Council upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER

2003-002

(Continued)

A test of 60 expenditures disclosed 32 percent of the certificates were dated after the invoice date and the instances noted did not fall within any exceptions to this Section. As a result, the Village did not record a reservation of the applicable appropriation (encumber) at the time a commitment for the expenditure of funds was made. Failure to encumber commitments could result in deficit fund balances and overspending funds.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**VILLAGE OF NEWBURGH HEIGHTS
CUYAHOGA COUNTY
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
2001-30843-001	Ohio Rev. Code § 5705.10, the Village's CDBG fund had a negative cash fund balance.	No	Not Corrected - Reissued as Finding Number 2003-001.



**Auditor of State
Betty Montgomery**

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 NEWBURGH HEIGHTS
CUYAHOGA COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 23, 2004**