



Mary Taylor, CPA
Auditor of State

VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY

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Mary Taylor, CPA
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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 30, 2010

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Mary Taylor, CPA

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

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, 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 and reserves for encumbrances of the Village of Boston Heights, Summit County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

April 30, 2010

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$191,252	\$269,993	\$19,743	\$480,988
Municipal Income Tax	673,082			673,082
Intergovernmental	127,502	123,141	2,204	252,847
Charges for Services	30,564	15,476		46,040
Fines, Licenses and Permits	339,157	21,602		360,759
Earnings on Investments	2,581	474	3	3,058
Miscellaneous	90,832	2,631		93,463
Total Cash Receipts	1,454,970	433,317	21,950	1,910,237
Cash Disbursements:				
Current:				
Security of Persons and Property	722,090	7,428		729,518
Public Health Services	24,675			24,675
Leisure Time Activities		18,440		18,440
Community Environment	16,737			16,737
Basic Utility Service	9,057			9,057
Transportation	181,160	347,745		528,905
General Government	415,433	11,009		426,442
Debt Service:				
Redemption of Principal		20,720		20,720
Interest and Fiscal Charges		2,925		2,925
Capital Outlay		49,484	30,303	79,787
Total Cash Disbursements	1,369,152	457,751	30,303	1,857,206
Total Receipts Over/(Under) Disbursements	85,818	(24,434)	(8,353)	53,031
Other Financing Receipts / (Disbursements):				
Sale of Lease	161,905			161,905
Transfers-In		20,000		20,000
Transfers-Out	(20,000)			(20,000)
Total Other Financing Receipts / (Disbursements)	141,905	20,000	0	161,905
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	227,723	(4,434)	(8,353)	214,936
Fund Cash Balances, January 1	518,416	507,724	30,692	1,056,832
Fund Cash Balances, December 31	\$746,139	\$503,290	\$22,339	\$1,271,768
Reserve for Encumbrances, December 31	\$1,874	\$39,510	\$0	\$41,384

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

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Operating Cash Receipts:			
Charges for Services	\$980		\$980
Fines and Forfeitures		\$505,837	505,837
Earnings on Investments	213		213
Total Operating Cash Receipts	1,193	505,837	507,030
Operating Cash Disbursements:			
General Government	10		10
Other Fines and Forfeitures		500,505	500,505
Total Operating Cash Disbursements	10	500,505	500,515
Operating Income	1,183	5,332	6,515
Fund Cash Balances, January 1	70,945	80,542	151,487
Fund Cash Balances, December 31	\$72,128	\$85,874	\$158,002

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

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$229,222	\$271,284	\$19,879	\$520,385
Municipal Income Tax	573,515			573,515
Intergovernmental	121,869	142,654	2,171	266,694
Charges for Services	28,383	20,519		48,902
Fines, Licenses and Permits	351,088	21,193		372,281
Earnings on Investments	18,357	3,736	1	22,094
Miscellaneous	71,446	4,150		75,596
	1,393,880	463,536	22,051	1,879,467
Cash Disbursements:				
Current:				
Security of Persons and Property	826,293	7,037		833,330
Public Health Services	23,767			23,767
Leisure Time Activities		21,453		21,453
Community Environment	20,091			20,091
Basic Utility Service	8,165			8,165
Transportation	180,072	466,812		646,884
General Government	450,718	24,287		475,005
Debt Service:				0
Redemption of Principal		20,720		20,720
Interest and Fiscal Charges		2,925		2,925
Capital Outlay		30,714	16,721	47,435
	1,509,106	573,948	16,721	2,099,775
Total Receipts Over/(Under) Disbursements	(115,226)	(110,412)	5,330	(220,308)
Fund Cash Balances, January 1	633,642	618,136	25,362	1,277,140
Fund Cash Balances, December 31	\$518,416	\$507,724	\$30,692	\$1,056,832
Reserve for Encumbrances, December 31	\$486	\$70,419	\$4,181	\$75,086

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

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Operating Cash Receipts:			
Charges for Services	\$430		\$430
Fines and Forfeitures		\$490,980	490,980
Earnings on Investments	1,585		1,585
Total Operating Cash Receipts	2,015	490,980	492,995
Operating Cash Disbursements:			
General Government	118		118
Other Fines and Forfeitures		489,788	489,788
Total Operating Cash Disbursements	118	489,788	489,906
Net Receipts Over Disbursements	1,897	1,192	3,089
Fund Cash Balances, January 1	69,048	79,350	148,398
Fund Cash Balances, December 31	\$70,945	\$80,542	\$151,487

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, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of 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 governmental 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'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, 2009 AND 2008
(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.

Road Levy Fund - This fund receives revenue generated from a special tax levy for maintaining and repairing Village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village'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 a private purpose trust fund 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, 2009 AND 2008
(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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

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

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

2. 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:

	2009	2008
Demand deposits	\$95,745	\$94,421
Other time deposits (High Yield Savings)	69,025	68,898
Total deposits	164,770	163,319
Repurchase agreement		
Total investments	1,265,000	1,045,000
Total deposits and investments	\$1,429,770	\$1,208,319

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.

3. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,466,844	\$1,616,875	\$150,031
Special Revenue	448,127	453,317	5,190
Capital Projects	22,181	21,950	(231)
Trust	1,500	1,194	(306)
Total	\$1,938,652	\$2,093,336	\$154,684

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,435,006	\$1,391,026	\$43,980
Special Revenue	953,096	497,261	455,835
Capital Projects	52,747	30,303	22,444
Trust	2,420	10	2,410
Total	\$2,443,269	\$1,918,600	\$524,669

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,394,301	\$1,393,880	(\$421)
Special Revenue	494,618	463,536	(31,082)
Capital Projects	22,004	22,051	47
Trust	1,500	2,015	515
Total	\$1,912,423	\$1,881,482	(\$30,941)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,596,363	\$1,509,592	\$86,771
Special Revenue	1,067,811	644,367	423,444
Capital Projects	46,975	20,902	26,073
Trust	6,000	118	5,882
Total	\$2,717,149	\$2,174,979	\$542,170

4. Property Tax

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

Tangible personal property 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.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

6. Capital Lease

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Capital Lease	\$22,627	4.5%

The Village entered into a capital lease purchase agreement during 2007 to finance the purchase of a new truck for Village road maintenance.

The remaining amortization of the above debt, including interest, is \$23,645 for the year ending December 31, 2010.

7. 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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, 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, 2009.

8. 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.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

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

9. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

10. Jointly Governed Organization

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.

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Mary Taylor, CPA

Auditor of State

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

Village of 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, Summit County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 30, 2010, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 30, 2010.

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 30, 2010

VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance Citation

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 and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Village.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

FINDING NUMBER 2009-001 (Continued)

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. None of the exceptions listed above were used.

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 the funds are or will be available prior to the obligation by the Village. When prior certification is not possible "then and now" certification should be used (with approval of Village Council if it exceeds \$3,000). In addition, the Village should use purchase orders for all expenditures.

The Village should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk-Treasurer should sign the certification prior to the Village incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. In addition, all encumbrances should be posted into the accounting system at the time the funds are certified to prevent the potential of overspending.

Officials' Response: In response to the audit Finding Number 2009-001 the discovery of three disbursements without purchase orders is correct. Prior to computerization the auditors suggested attaching the Clerk's certification stating the funds are available to the Resolution passed by Council.

I continued to do this not realizing when switching to the computer system these funds would not be encumbered. I would know not to spend these funds; however, it was explained to me "What if I was run over by a bus". Who would know of the encumbrances. This situation is easily remedied and I will do so going forward.

The purchase orders dated after the invoice seems to be an ongoing debacle, as I have for over twenty years told anyone spending monies they need a purchase order. I keep blanket orders for all departments for small unexpected purchases and have advised supervisors not to exceed these amounts. I will continue to remind purchasers and use the threat of self payment. It seems most of the employees are getting better, but not yet at 100%. A greater effort will be made in the future.

**VILLAGE OF BOSTON HEIGHTS
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	A significant number of EMS employees did not have a copy of a valid EMS certificate in their personnel files.	Yes	
2007-002	No valid evidence was made available for a significant number of employees where the state board of emergency medical services issued the appropriate certificate of accreditation or certificate of approval, or a renewal of a certificate of practice. Additionally, no valid evidence was made available where the state board of emergency medical services issued the appropriate Firefighter Instructor's certificate to the Fire Chief.	No	Partially corrected. See management letter.



Mary Taylor, CPA
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
MAY 20, 2010**