

Audited Financial Statements

**VILLAGE OF ARLINGTON HEIGHTS**

Years ended December 31, 1999 and 1998

FLYNN & COMPANY PSC, INC.

*Certified Public Accountants*



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council  
Village of Arlington Heights  
601 Elliott Avenue  
Arlington Heights, Ohio 45215

We have reviewed the Independent Auditor's Report of the Village of Arlington Heights, Hamilton County, prepared by Flynn & Company PSC, Inc., for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Arlington Heights is responsible for compliance with these laws and regulations.

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

JIM PETRO  
Auditor of State

September 26, 2000

VILLAGE OF ARLINGTON HEIGHTS

FINANCIAL STATEMENTS

Years ended December 31, 1999 and 1998

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FLYNN & COMPANY PSC, INC.

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council  
Village of Arlington Heights  
601 Elliott Avenue  
Arlington Heights, Ohio 45215

We have audited the accompanying financial statements of the Village of Arlington Heights, Hamilton County, Ohio, (the village), as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Village management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is 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 Arlington Heights, Hamilton County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2000 on our consideration of the Village's internal control structure over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the 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.

Flynn & Company PSC, Inc..

June 12, 2000

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash receipts:</b>					
Local taxes	\$414,376	\$62,757	\$ 0	\$ 0	\$477,133
Intergovernmental	25,788	54,073	0	0	79,861
Charges for services	0	68,399	0	0	68,399
Fines, licenses, and permits	111,999	10,878	0	0	122,877
Miscellaneous	33,114	0	0	0	33,114
<b>Total cash receipts</b>	<b>585,277</b>	<b>196,107</b>	<b>0</b>	<b>0</b>	<b>781,384</b>
<b>Cash disbursements</b>					
<b>Current:</b>					
Security of persons and property	295,600	55,816	0	0	351,416
Leisure time activities	5,946	0	0	0	5,946
Transportation	0	30,665	0	0	30,665
Basic utility services	0	54,321	0	0	54,321
General government	329,725	13,802	0	0	343,527
<b>Total cash disbursements</b>	<b>631,271</b>	<b>154,604</b>	<b>0</b>	<b>0</b>	<b>785,875</b>
<b>Total cash receipts over/(under)</b>					
Cash disbursements	(45,994)	41,503	0	0	(4,491)
<b>Other financing receipts/(disbursements)</b>					
Transfers-in	0	0	0	5,000	5,000
Transfers-out	(6,800)	(900)	0	0	(7,700)
<b>Total other financing receipts/(disbursements)</b>	<b>(6,800)</b>	<b>(900)</b>	<b>0</b>	<b>5,000</b>	<b>(2,700)</b>
<b>Excess of cash receipts and other financing Receipts over/(under) cash disbursement</b>	<b>(52,794)</b>	<b>40,603</b>	<b>0</b>	<b>5,000</b>	<b>(7,191)</b>
<b>Fund cash balances, January 1, 1999</b>	<b>279,309</b>	<b>147,384</b>	<b>7,465</b>	<b>45,001</b>	<b>479,159</b>
<b>Fund cash balances, December 31, 1999</b>	<b>\$226,515</b>	<b>\$187,987</b>	<b>\$7,465</b>	<b>\$50,001</b>	<b>\$471,968</b>
<b>Reserve for encumbrances, December 31, 1999</b>	<b>\$1,938</b>	<b>\$6,356</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,294</b>

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

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

	Enterprise	Internal Service	Agency	Totals (Memorandum Only)
Operating cash receipts:				
Charges for services	\$ 0	\$ 0	\$ 0	\$ 0
Fines	0	0	152,165	152,165
Total operating cash receipts	0	0	152,165	152,165
Operating cash disbursements:				
Personal services	1,422	0	0	1,422
Intergovernmental	0	0	32,270	32,270
General government	0	0	119,895	119,895
Total operating cash disbursements	1,422	0	152,165	153,587
Operating income/(loss)	(1,422)	0	0	(1,422)
Transfers-in	0	2,700	0	2,700
Transfers-out	0	0	0	0
Net receipts over/(under) disbursements	(1,422)	2,700	0	1,278
Fund cash balances, January 1, 1999	7,787	6,975	0	14,762
Fund cash balances, December 31, 1999	\$6,365	\$9,675	\$ 0	\$16,040

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash receipts:					
Local taxes	\$499,677	\$65,645	\$ 0	\$ 0	\$565,322
Intergovernmental	17,632	71,495	0	0	89,127
Charges for services	0	71,882	0	0	71,882
Fines, licenses, and permits	163,792	17,188	0	0	180,980
Miscellaneous	70,217	2,583	0	0	72,800
Total cash receipts	751,318	228,793	0	0	980,111
Cash disbursements:					
Current:					
Security of persons and property	266,280	111,418	0	0	377,698
Leisure time activities	6,440	0	0	0	6,440
Transportation	0	27,551	0	0	27,551
Basic utility services	0	54,858	0	0	54,858
General government	363,287	11,270	0	0	374,557
Total cash disbursements	636,007	205,097	0	0	841,104
Total cash receipts over/(under) cash disbursements	115,311	23,696	0	0	139,007
Other financing receipts/(disbursements)					
Transfers-in	0	23,569	0	0	23,569
Transfers-out	(22,467)	(3,800)	0	0	(26,267)
Total other financing receipts/(disbursements)	(22,467)	19,769	0	0	(2,698)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	92,844	43,465	0	0	136,309
Fund cash balances, January 1, 1998	186,465	103,919	7,465	45,001	342,850
Fund cash balances, December 31, 1998	\$279,309	\$147,384	\$7,465	\$ 45,001	\$479,159
Reserve for encumbrances, December 31, 1998	\$2,928	\$2,178	\$0	\$ 0	\$5,106

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

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

	Enterprise	Internal Service	Agency	Totals (Memorandum Only)
Operating cash receipts:				
Charges for services	\$422	\$ 0	\$ 0	\$422
Fines	0	0	220,129	220,129
Total operating cash receipts	422	0	220,129	220,551
Operating cash disbursements:				
Personal services	1,423	0	0	1,423
Intergovernmental	0	0	48,365	48,365
General government	0	0	171,764	171,764
Total operating cash disbursements	1,423	0	220,129	221,552
Operating income/(loss)	(1,001)	0	0	(1,001)
Transfers-in	0	2,698	0	2,698
Transfers-out	0	0	0	0
Net receipts over/(under) disbursements	(1,001)	2,698	0	1,697
Fund cash balances, January 1, 1998	8,788	4,277	0	13,065
Fund cash balances, December 31, 1998	\$7,787	\$6,975	\$ 0	\$14,762

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



**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Arlington Heights, Hamilton 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. The Village provides general governmental services, including police and fire services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except employee deferred compensation funds maintained by outside custodians are not included in these financial statements. These assets are described in Note 7 to the financial statements.

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 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 Deposits

Certificates of deposits are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits that are restricted as to use. The Village classifies its funds into the following types:

General Fund

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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.

Waste Fund-This fund receives monies to pay for the waste services of the Village.

Fire and Life Squad Levy Fund-This fund receives tax monies to fund the fire and ambulance services for the Village.

Agency Fund

The Agency Fund is used to accumulate revenues from the mayor's court and remit payments to the State of Ohio as required.

Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness.

Other Debt Service Fund-This fund is used for the payment of debt of waterworks improvements.

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:

Street Fund-This fund is used for the payment of street renovations.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds.

Water Fund-This fund maintains funds to pay the Board of Public Affairs salaries.

The Village discontinued water and sewer services in January 1997. Water and sewer services have been outsourced to the City of Cincinnati. However, the Village still maintains a Board of Public Affairs to handle resident complaints and mediate disputes with the City of Cincinnati.

Internal Service Fund

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies on a cost-reimbursement basis. The Village had the following significant internal service fund:

Other Internal Service Fund-This fund accumulates funds for the payment of accrued sick pay for retiring employees.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

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

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.

Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

2. Equity in Deposits

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

	1999	1998
Demand deposits	\$388,008	\$393,921
Certificate of Deposits	100,000	100,000
Total Deposits	\$488,008	\$493,921

Deposits are either: (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

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

Fund Type	1999 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$637,819	\$585,277	\$(52,542)
Special Revenue	238,237	196,107	(42,130)
Capital Projects	5,000	5,000	0
Enterprise	0	0	0
Internal Service	2,700	2,700	0
Total	\$883,756	\$789,084	\$(94,672)

Fund Type	1999 Budgeted vs. Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$728,970	\$640,009	\$88,961
Special Revenue	254,137	161,860	92,277
Debt Service	7,466	0	7,466
Capital Service	50,000	0	50,000
Enterprise	1,440	1,422	18
Internal Service	4,275	0	4,275
Total	\$1,046,288	\$803,291	\$242,997

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Budgetary Activity (Continued)**

Fund Type	1998 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$530,000	\$751,318	\$221,318
Special Revenue	178,075	252,362	74,287
Enterprise	0	422	422
Internal Service	2,700	2,698	(2)
<b>Total</b>	<b>\$710,775</b>	<b>\$1,006,800</b>	<b>\$296,025</b>

Fund Type	1998 Budgeted vs. Actual Budgetary Basis Expenditures		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$726,470	\$661,402	\$65,068
Special Revenue	301,481	211,075	90,406
Debt Service	7,466	0	7,466
Capital Projects	45,000	0	45,000
Enterprise	1,440	1,423	17
Internal Service	4,275	0	4,275
<b>Total</b>	<b>\$1,086,132</b>	<b>\$873,900</b>	<b>\$212,232</b>

**4. Property Tax**

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

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

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

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

5. Retirement Systems

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PDFPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. Risk Management

The Village is a member of the Ohio Government Risk Management Plan. The following risks are covered by the plan:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental coverage to full-time for employees.

7. Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees.

8. Contingent Liabilities

Various lawsuits arising during the normal course of business are pending against the Village. In the opinion of management the likelihood of loss resulting from these lawsuits is neither probable nor remote. The amount of loss, if any, cannot be estimated at this time. Accordingly, no provision has been made for the litigation in the financial statements.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Village Council  
Village of Arlington Heights  
601 Elliot Avenue  
Arlington Heights, Ohio 45215

We have audited the accompanying financial statements of the Village of Arlington Heights, Hamilton County, Ohio, the (Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 12, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in the amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Village in separate letter dated June 12, 2000. This report is intended for the information of management and Council and is not intended to be and should not be used by anyone other than these specified parties.

Flynn & Company PSC, Inc.

June 12, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF ARLINGTON HEIGHTS**

**HAMILTON 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  
OCTOBER 5, 2000**