



Dave Yost • Auditor of State

**City of Maple Heights
Cuyahoga County, Ohio**

**Fiscal Watch Analysis
As of December 31, 2013**

Local Government Services Section

City of Maple Heights, Cuyahoga County

Fiscal Watch Analysis

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Declaration of Fiscal Watch

The Auditor of State performed a fiscal analysis of the City of Maple Heights pursuant to Section 118.022 of the Ohio Revised Code. This analysis indicates and it is hereby declared that a fiscal watch exists at the City of Maple Heights as defined in Sections 118.022(A)(1), (A)(2) and (A)(3) of the Ohio Revised Code.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Jeffrey A. Lansky, Mayor of the City of Maple Heights, Jackie Albers, President of Council of the City of Maple Heights and Mark A. Parks, Jr., CPA, MBA, Secretary of the Cuyahoga County Budget Commission.

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

DAVE YOST
Auditor of State

April 10, 2014

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City of Maple Heights, Cuyahoga County

Fiscal Watch Analysis

Introduction

In response to a request from Mayor Jeffrey K. Lansky, as provided for in Section 118.021 of the Ohio Revised Code, the Auditor of State performed an analysis for the City of Maple Heights, Cuyahoga County (the City) as of December 31, 2013, to determine if the City should be placed in fiscal watch.

A city is placed in fiscal watch if any one of four conditions described in Section 118.022 of the Ohio Revised Code exists as of December 31. The four conditions are: 1) significant past due accounts payable; 2) substantial deficit balances in city funds; 3) a sizeable deficiency when the city's treasury balance is compared to the positive cash balances of the city's funds; and 4) a forecasted general fund deficit at the end of the current year that exceeds one twelfth of the general fund revenue from the preceding year.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2013.

Condition One – Past Due Accounts Payable from the General Fund and All Funds

Section 118.022(A)(1) of the Ohio Revised Code, defines a fiscal watch condition as the existence of either of the following situations:

- (a) All accounts that were due and payable from the general fund of a municipal corporation, county, or township at the end of the preceding fiscal year that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund, exceeded one-twelfth of the general fund budget for that year.
- (b) All accounts that were due and payable at the end of the preceding fiscal year from all funds of a municipal corporation, county, or township and that had been due and payable for at least thirty days as at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds available to pay such accounts, exceeded one-twelfth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts are payable.

We prepared a schedule of accounts payable as of December 31, 2013, that were due and payable from the general fund, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2013, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one-twelfth of the general fund budget for that year.

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Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 2013

	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of Available Balance	Accounts Payable in Excess of General Fund Revenues
General Fund	\$216,639	\$0	\$216,639	\$1,154,468	\$0

We prepared a schedule of accounts payable (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2013. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-twelfth of the available revenues during 2013, excluding non-recurring receipts of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 2013

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of the Available Revenues	Accounts Payable in Excess of Available Revenues
General	\$216,639	\$0	\$216,639	\$1,154,468	\$0
Ambulance Billing	660	0	660	45,170	0
Capital Improvement	54,371	0	54,371	10,921	(43,450)
Totals	\$271,670	\$0	\$271,670	\$1,210,559	(\$43,450)

Conclusion: Schedules I and II indicate that a fiscal watch condition exists under Section 118.022(A)(1) of the Ohio Revised Code as of December 31, 2013. Accounts payable which were at least thirty days past-due as of December 31, 2013, from its general fund and respective special funds did exceed one-twelfth of the general fund budget and available revenues of those special funds.

Condition Two – Deficit Fund Balances

Section 118.022(A)(2), of the Ohio Revised Code defines a fiscal watch condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Ohio Revised Code to meet such deficit, exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

City of Maple Heights, Cuyahoga County

Fiscal Watch Analysis

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2013, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-twelfth of the general fund budget and the receipts of those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.022(A)(2)
As of December 31, 2013

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Funds With Deficit Balances	One-Twelfth General Fund Budget/ Fund Receipts	Unprovided Portion of Aggregate (Deficit)
General	(\$1,332,946)	\$727,526	(\$2,060,472)	\$1,154,468	(\$906,004)
SA Street Lighting	(114,854)	459	(115,313)	25,559	(89,754)
COPS Equipment Grant	0	408	(408)	0	(408)
Police Services Levy	(201,283)	0	(201,283)	51,118	(150,165)
Fire Services Levy	(234,632)	0	(234,632)	51,118	(183,514)
Ambulance Billing	2,118	141,825	(139,707)	45,170	(94,537)
Capital Improvement	0	128,465	(128,465)	79,449	(49,016)
Tree Deposits	0	14,075	(14,075)	0	(14,075)
	<u>(\$1,881,597)</u>	<u>\$1,012,758</u>	<u>(\$2,894,355)</u>	<u>\$1,406,882</u>	<u>(1,487,473)</u>
Funds available for transfer					0
Total Unprovided Portion of Aggregate Deficit Funds					<u>(\$1,487,473)</u>

Conclusion: A fiscal watch condition exists under Sections 118.022(A)(2) of the Ohio Revised Code as of December 31, 2013. The adjusted aggregate balance of those funds with a deficit at December 31, 2013, did exceed one-twelfth of the general fund receipts and the receipts of the respective deficit funds and funds that are available for transfer to meet such deficits.

Condition Three – Treasury Deficiency

Section 118.022(A)(3), of the Ohio Revised Code, defines a fiscal watch condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the City’s reconciliation of its bank balance to the cash balance for all funds as of December 31, 2013, including the reconciling factors used to arrive at the treasury balance. We then subtracted the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-twelfth of the amount received into the treasury during 2013 to determine if a treasury deficiency exists.

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Schedule IV

Treasury Balances
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2013

	Amounts at <u>December 31, 2013</u>
Bank Cash Balance	
Key Bank General Checking Account	\$845,314
Charter One Checking Account	216,786
Charter One Payroll Account	52,802
Key Bank Escrow Account	107,676
Key Bank Mayor's Court Account	36,810
STAR Ohio Account	<u>8,326</u>
<i>Total Bank Cash</i>	<u>1,267,714</u>
<i>Adjustments for:</i>	
Deposits in Transit	280
Other Adjustments	(25,283)
Outstanding Checks	<u>(281,668)</u>
<i>Total Adjustments</i>	<u>(306,671)</u>
 <i>Total Treasury Balance</i>	 <u>961,043</u>
 Less: Positive Cash Fund Balances	
Rainy Day Contingency	121,250
Computer Fee	124,240
Fire Pension	11,883
Water Use Charge	501,662
Inmate Commissary	30,027
Solid Waste Collection	553,660
Ambulance Billing	2,118
Recreation Department	294
Street Construction Maintenance and Repair	84,935
State Highway	39,553
Drug Law Enforcement	156,121
Housing Foreclosure	34,797
Housing Revitalization	2,638
Bond Retirement	15,895
Home Exterior Maintenance	1
Recreation Banners	2,151
Mayor's Court	48,528
Architectural-Engineering Plan	4,367
Trust and Agency	1,101,041
Enterprise Park	590
3 Percent OBBS Fees	<u>9,007</u>
<i>Total Positive Cash Fund Balances</i>	<u>2,844,758</u>
Treasury Deficit	(1,883,715)
One-Twelfth Treasury Receipts	<u>1,867,434</u>
Treasury Deficit	<u><u>(\$16,281)</u></u>

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Conclusion: Schedule IV indicates that a fiscal watch condition does exist under Section 118.022(A)(3) of the Ohio Revised Code. The treasury balance less the positive fund balances as of December 31, 2013, did exceed one-twelfth of the receipts for the year.

Condition Four – Financial Forecast

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative authority of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

An examination of a financial forecast of the general fund was not completed because the fiscal watch conditions for past due accounts payable, deficit fund balances and treasury deficiency exist at December 31, 2013.

Summary

We have performed the procedures necessary to determine whether any of the four conditions for fiscal watch set forth in Section 118.021 of the Ohio Revised Code existed as of December 31, 2013, at the City of Maple Heights, Cuyahoga County. The results of our analysis indicate that a fiscal watch exists at the City of Maple Heights as defined in Sections 118.022(A)(1), (A)(2) and (A)(3) of the Ohio Revised Code.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported.

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CITY OF MAPLE 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
APRIL 10, 2014**