



# Mary Taylor, CPA

Auditor of State

## MANAGEMENT LETTER

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) in accordance with *Government Auditing Standards*, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 30, 2010.

*Government Auditing Standards* require us to report significant internal control deficiencies, fraud, and illegal acts (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated April 30, 2010, for the years ended December 31, 2009 and 2008.

We are also submitting the following comments for your consideration regarding the Village's internal control. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* require. Nevertheless, these comments represent matters for which we believe improvements in internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist your Village. If you have questions or concerns regarding these comments please contact your regional Auditor of State office.

### Recommendations

#### 1. Disaster Recovery Plan

Contingency planning includes the evaluation and implementation of a written contingency plan that defines the actions to be taken in the event of various disaster situations. This plan should remove as much time-consuming decision making as possible from the period immediately following the disaster. The Village has not developed and Council has not approved a formal plan for recovery in the event of a disaster.

Without a comprehensive tested plan, there is a greater risk of loss of data, and increased risk computer operations necessary for the functioning of the Village will not be restored in a timely, cost effective manner.

## Recommendations (Continued)

### 1. Disaster Recovery Plan (Continued)

Data processing contingency plans should identify arrangements for contingency data processing between Village and another third party with compatible hardware and software. Once completed, the contingency plan should be periodically reviewed and tested to ensure its continued applicability. This review should also ensure that personnel are sufficiently trained to carry out the procedures necessary to restore functions which are critical to business.

A similar comment was made in the Village's 2006-2007 audit.

### 2. Fire Department Payroll Procedures

The following was noted regarding Village Fire Department payroll procedures:

- The Village has no formal policy or procedure in place to address who or how many Fire/EMS employees will be on call during any certain time.
- The Village has no formal policy or procedure in place to address if or when cancelled Fire/EMS calls should be paid.
- Fire Department run sheets, which include run information, employee name, and signature of all Fire Department employees responding to each call, are prepared and approved by the highest ranking employee (Officer in Charge) who also participated in the related run. The run sheets are used to determine who is to be paid for the run and how many hours are due for payment.
- The Village's Fire Department requires at least one of four levels of firefighter certification or one of four levels of EMS certification to be eligible for employment.

Failure to implement policies and procedures to address the above listed issues has resulted in the following:

- An excessive number of Fire Department employees responding to emergency calls. The Village, whose policy is to pay employees on a per run basis, is then obligated to pay each responder.
- Because the Village's policy is to pay each employee who responds to a fire/EMS call one full hour for the first hour actually worked on a call *or any part thereof*, all employees who respond are paid for a full hour on calls that are cancelled within minutes of receipt.
- The Officer in Charge on a run has the ability to report that they responded to a call and for how long, as well as approve their own hours for payment.
- One of four (25%) fire department personnel tested maintained the minimum required volunteer firefighter certification, however, had no EMT certification but was permitted to respond as well as receive payment for responding to EMS calls.

To help reduce excess overhead costs, help reduce the potential for abuse, and to help maintain independence in the approval process, the Village should implement policies and procedures which clearly define the number of Fire/EMS employees on call at all times, when or if employees are to be paid for cancelled emergency calls, require independence in the run report approval process, as well as clearly define which employee certifications should respond to the various types of fire and EMS calls. In addition, monitoring procedures should be established to ensure these procedures, once implemented, are being strictly adhered to.

A similar comment was made in the Village's 2006-2007 audit.

### Recommendations (Continued)

#### 3. Misclassification of Revenues

The Village has misclassified the following revenues:

- Public utility reimbursements and personal property reimbursements were misclassified as Property Taxes rather than Intergovernmental Revenue for the General Fund during 2008 and 2009, in the amounts of \$4,166 and \$6,847, respectively.
- Public utility reimbursements and personal property reimbursements were misclassified as Property Taxes rather than Intergovernmental Revenue for the Special Revenue Fund during 2008 and 2009, in the amounts of \$3,664 and \$11,843, respectively.
- Public utility reimbursements and personal property reimbursements were misclassified as Property Taxes rather than Intergovernmental Revenue for the Capital Projects Fund during 2008 and 2009, in the amounts of \$217 and \$719, respectively.
- Cable franchise taxes were misclassified as Other Revenue rather than Property and Local Taxes for the General Fund during 2009 in the amount of \$4,612.
- Sale of a cell tower lease was misclassified as Other Revenue rather than Sale of Fixed Assets for the General Fund during 2009 in the amount of \$161,905.

The Clerk-Treasurer should closely monitor all receipts to ensure amounts are posted to the proper accounts. In addition, the clerk should refer to the Village handbook to help ensure proper accounts are being used.

#### 4. Posting of Budgetary Information

The following budgetary information was not properly or timely posted to the Village's accounting system including:

- Final Estimated Resources for 7 funds in 2009
- Final Estimated Resources for 5 funds in 2008
- Final Appropriations for 3 funds in 2009
- Final Appropriations for 4 funds in 2008

In order to help ensure proper and timely posting of the Village's Budgetary information, the Village should post all appropriation measures upon approval of Council and changes to estimated resources upon certification from the County. Additionally, the Village should review the Appropriation Status Report and Receipt Account Status Report after posting to ensure amounts were properly posted.

A similar comment was made in the Village's 2006-2007 audit.

We intend this report for the information and use of the Village Council, audit committee, and management.



**Mary Taylor, CPA**  
Auditor of State

April 30, 2010