



THE HEART OF CUYAHOGA COUNTY

**6800 Brecksville Road
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MEMORANDUM

To: Mayor Gregory P. Kurtz
Members of Council

From: Finance Director Vernon Blaze

Date: Friday, March 15, 2024

Re: Finance Office and Related Topic Updates

Audit Update

The audit team from Zupka & Associates has been on site all week.

Not only has the audit team been digging into 2023 transactions and various finance-related documents that emanated here in the Finance Office, but they have also been requesting verification of certain 2023 transactions that took place within the various departments.

Directors whose departments take in money have had to provide electronic or hard-copy proof of the transactions requested so that the audit team could then verify that these transactions were handled properly, were “booked” properly, and had the proper documentation associated with them.

A thorough audit process like this highlights the importance of not only having proper internal control procedures in place, but then following them too.

Audit Update - Continued

Sometimes finance offices and accountants and auditors are labeled as being “too nit-picky,” but regular reports in the news of internal theft and/or fraud at organizations across the planet highlights the need for proper records to be kept and proper procedures to be followed, without them becoming overly burdensome on these very same organizations.

While this audit team is completing their review process, a second Zupka team is working with the Finance Office to convert the 2023 financial results from a Cash Basis (Recognizing Revenue when it is *received* and Expenses when they are *paid*) to an Accrual Basis (Recognizing Revenue when it is *earned* and Expenses when they are *incurred*).

This conversion process then allows the Annual Comprehensive Financial Report (ACFR) to be prepared and submitted to the Ohio Auditor’s Office for its review, approval and release to the public (later this year).

March Council Report

The Finance Office’s March Council Meeting Report noted a few things:

- Estimates for the next medical insurance contract renewal (July 1) are initially indicating a significant and material cost increase.
- Legislation introduced in Columbus would require increased employer contributions to various public pension systems in Ohio.
 - This will obviously increase the City’s personnel-related expenditures should the various Bills be passed.
- The Independence School District is experiencing a time of turnover in several high-level administrative positions.
 - New (This school year) high school principal Mike Janatovich will soon be joined by a new District Treasurer (Eric Koehler is retiring at the end of this fiscal year), a new District Superintendent (Ben Hegedish is leaving the District on April 1), and possibly a new Athletic Director (The District has been advertising this position).