



**Auditor of State
Betty Montgomery**

VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Marble Cliff
Franklin County
1600 Fernwood Ave
Columbus, Ohio 43212

To the Village Council:

We have audited the accompanying financial statements of the Village of Marble Cliff, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

The Village financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides 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 a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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 Marble Cliff, Franklin County, Ohio, as of December 31, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

July 16, 2004

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 1,000,754	\$ 1,909	\$ -	\$ -	\$ 1,002,663
Intergovernmental Receipts	67,919	24,626	-	-	92,545
Fines, Licenses, and Permits	24,983	-	-	-	24,983
Earnings on Investments	15,189	228	-	-	15,417
Miscellaneous	16,314	-	-	-	16,314
	<u>1,125,159</u>	<u>26,763</u>	<u>-</u>	<u>-</u>	<u>1,151,922</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	309,235	-	-	-	309,235
Public Health Services	9,722	-	-	-	9,722
Leisure Time Activities	82,724	-	-	-	82,724
Community Environment	210	-	-	-	210
Basic Utility Services	102,958	4,913	-	-	107,871
Transportation	2,842	5,265	-	-	8,107
General Government	199,136	-	-	60,297	259,433
Debt Service:					
Principal Payments	-	-	100,000	-	100,000
Interest Payments	-	-	95,100	-	95,100
Capital Outlay	222,113	-	-	-	222,113
	<u>928,940</u>	<u>10,178</u>	<u>195,100</u>	<u>60,297</u>	<u>1,194,515</u>
Total Receipts Over/(Under) Disbursements	<u>196,219</u>	<u>16,585</u>	<u>(195,100)</u>	<u>(60,297)</u>	<u>(42,593)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	-	-	195,100	-	195,100
Transfers-Out	(195,100)	-	-	-	(195,100)
	<u>(195,100)</u>	<u>-</u>	<u>195,100</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,119	16,585	-	(60,297)	(42,593)
Fund Cash Balances, January 1	<u>1,142,937</u>	<u>18,799</u>	<u>-</u>	<u>261,696</u>	<u>1,423,432</u>
Fund Cash Balances, December 31	<u>\$ 1,144,056</u>	<u>\$ 35,384</u>	<u>\$ -</u>	<u>\$ 201,399</u>	<u>\$ 1,380,839</u>
Reserves for Encumbrances, December 31	<u>\$ 111,088</u>	<u>\$ 612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,700</u>

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

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts:			
Earnings on Investments	\$ 1,639	\$ -	\$ 1,639
Total Operating Cash Receipts	<u>1,639</u>	<u>-</u>	<u>1,639</u>
Operating Cash Disbursements:			
Miscellaneous	3,000	-	3,000
Total Operating Cash Disbursements	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Operating (Loss)	<u>(1,361)</u>	<u>-</u>	<u>(1,361)</u>
Non-Operating Cash Receipts:			
Fines, Licenses and Permits	-	20,862	20,862
Miscellaneous	-	20	20
Total Non-Operating Cash Receipts	<u>-</u>	<u>20,882</u>	<u>20,882</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	-	20,862	20,862
Total Non-Operating Cash Disbursements	<u>-</u>	<u>20,862</u>	<u>20,862</u>
Net Receipts Over/(Under) Disbursements	(1,361)	20	(1,341)
Fund Cash Balances, January 1	<u>202,858</u>	<u>654</u>	<u>203,512</u>
Fund Cash Balances, December 31	<u>\$ 201,497</u>	<u>\$ 674</u>	<u>\$ 202,171</u>

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

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 1,236,046	\$ 10,882	\$ -	\$ -	\$ 1,246,928
Intergovernmental Receipts	158,404	20,276	-	-	178,680
Charges for Services	-	5,525	-	-	5,525
Fines, Licenses, and Permits	16,625	-	-	-	16,625
Earnings on Investments	25,434	553	-	3,262	29,249
Miscellaneous	14,719	-	-	-	14,719
	<u>1,451,228</u>	<u>37,236</u>	<u>-</u>	<u>3,262</u>	<u>1,491,726</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	292,641	-	-	-	292,641
Public Health Services	12,197	-	-	-	12,197
Leisure Time Activities	97,793	-	-	-	97,793
Community Environment	1,040	-	-	-	1,040
Basic Utility Services	111,966	-	-	-	111,966
Transportation	50	12,750	-	-	12,800
General Government	200,508	-	-	24,016	224,524
Debt Service:					
Principal Payments	-	-	100,000	-	100,000
Interest Payments	-	-	99,800	-	99,800
Capital Outlay	430,207	60,800	-	7,626	498,633
	<u>1,146,402</u>	<u>73,550</u>	<u>199,800</u>	<u>31,642</u>	<u>1,451,394</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>304,826</u>	<u>(36,314)</u>	<u>(199,800)</u>	<u>(28,380)</u>	<u>40,332</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	-	-	180,236	-	180,236
Transfers-Out	(180,236)	-	-	-	(180,236)
	<u>(180,236)</u>	<u>-</u>	<u>180,236</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	124,590	(36,314)	(19,564)	(28,380)	40,332
Fund Cash Balances, January 1	<u>1,018,347</u>	<u>55,113</u>	<u>19,564</u>	<u>290,076</u>	<u>1,383,100</u>
Fund Cash Balances, December 31	<u>\$ 1,142,937</u>	<u>\$ 18,799</u>	<u>\$ -</u>	<u>\$ 261,696</u>	<u>\$ 1,423,432</u>
Reserves for Encumbrances, December 31	<u>\$ 155,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,469</u>

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

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating Cash Receipts:			
Earnings on Investments	\$ 4,054	\$ -	\$ 4,054
Total Operating Cash Receipts	4,054	-	4,054
Operating Cash Disbursements:			
Miscellaneous	15,000	-	15,000
Total Operating Cash Disbursements	15,000	-	15,000
Operating (Loss)	(10,946)	-	(10,946)
Non-Operating Cash Receipts:			
Fines, Licenses and Permits	-	14,758	14,758
Other Non-Operating Receipts	-	154	154
Total Non-Operating Cash Receipts	-	14,912	14,912
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	-	14,508	14,508
Total Non-Operating Cash Disbursements	-	14,508	14,508
Net Receipts Over/(Under) Disbursements	(10,946)	404	(10,542)
Fund Cash Balances, January 1	213,804	250	214,054
Fund Cash Balances, December 31	\$ 202,858	\$ 654	\$ 203,512

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

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Marble Cliff, Franklin 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 contracts with the City of Columbus to provide water, sewer, and income tax collection services. The Village contracts with the City of Grandview Heights for police and fire protection services and the use of their Mayor's Court.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are recorded as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Bond Retirement Fund - This fund is used to pay principal and interest payments for bonds issued by the Village for the purpose of purchasing park land.

4. Capital Projects Fund

This fund is 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 Projects Fund:

Cambridge Passive Park - This fund receives proceeds from general obligation bonds. The proceeds are being used to purchase land for a public park.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

P.J. Falco Nonexpendable Trust Fund - The corpus of this fund was received from Paul J. Falco for the purpose of establishing a scholarship fund for the children of parents who are residents of the Village.

Mayor's Court Agency Fund - This fund is used to account for the activities of the Mayor's Court.

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, function or object level of control and appropriations may not exceed estimated resources. The 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.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$894,039	\$885,298
Total deposits	894,039	885,298
STAR Ohio	688,971	741,646
Total investments	688,971	741,646
Total deposits and investments	\$1,583,010	\$1,626,944

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,345,200	\$1,125,159	(\$220,041)
Special Revenue	20,550	26,763	6,213
Debt Service	195,100	195,100	0
Capital Projects	2,000	0	(2,000)
Non - Expendable Trust	0	1,639	1,639
Total	\$1,562,850	\$1,348,661	(\$214,189)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,615,100	\$1,235,128	\$379,972
Special Revenue	32,325	10,790	21,535
Debt Service	195,100	195,100	0
Capital Projects	100,000	60,297	39,703
Non - Expendable Trust	0	3,000	(3,000)
Total	\$1,942,525	\$1,504,315	\$438,210

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,315,195	\$1,451,228	\$136,033
Special Revenue	47,375	37,236	(10,139)
Debt Service	200,000	180,236	(19,764)
Capital Projects	20,000	3,262	(16,738)
Non - Expendable Trust	0	4,054	4,054
Total	\$1,582,570	\$1,676,016	\$93,446

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,755,000	\$1,482,107	\$272,893
Special Revenue	80,825	73,550	7,275
Debt Service	200,000	199,800	200
Capital Projects	300,000	31,642	268,358
Non - Expendable Trust	0	15,000	(15,000)
Total	\$2,335,825	\$1,802,099	\$533,726

Contrary to Ohio law, the Village had expenditures in excess of appropriations in the Non-Expendable Trust Funds' P.J. Falco Fund for fiscal 2003 and 2002.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. 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 payments, 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 City of Columbus either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$1,700,000	5.00%

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

6. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>General Obligation Bonds</u>
2004	\$190,400
2005	185,700
2006	181,000
2007	176,000
2008	171,000
2009 – 2013	778,500
2014 – 2018	641,900
2019 – 2020	217,100
Total	<u><u>\$2,541,600</u></u>

The Bond proceeds of \$2,003,774 received in 2000 were used to purchase land for use as a Park. The general obligation bonds for acquisition and improvement were issued on December 15, 2000, and mature on December 1, 2020. The bonds are collateralized by the Village's taxing authority.

7. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. OPERS provide retirement benefits, including postretirement 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. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2003	2002
Assets	\$5,402,167	\$5,584,592
Liabilities	(1,871,123)	(2,441,793)
Members' Equity	\$3,531,044	\$3,142,799

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. WORKERS' COMPENSATION

The Village participated in the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

10. SUBSEQUENT EVENTS

By auction, the Village received \$370,000 on January 5, 2004, for the sale of the Tarp House. The proceeds were credited to the General Fund.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Marble Cliff
Franklin County
1600 Fernwood Ave
Columbus, Ohio 43212

To the Village Council:

We have audited the financial statements of the Village of Marble Cliff, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated July 16, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 *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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially effect 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 such an opinion. The results of our tests disclosed an instance of noncompliance that must be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management in a separate letter dated July 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 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.

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Village of Marble Cliff
Franklin County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

July 16, 2004

VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER	2003-001
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Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

The Village had expenditures in excess of appropriations in the P.J. Falco Fund for the fiscal years ended December 31, 2003 and December 31, 2002 as follows:

	<u>December 31, 2003</u>	<u>December 31, 2002</u>
Appropriations	\$ 0	\$ 0
Expenditures	\$ 3,000	\$ 15,000

We recommend the Village approve permanent appropriations and limit its expenditures to the amount appropriated. The Village Clerk should record the appropriations in a timely manner to the ledger system. The Village Council and Clerk should periodically review the Village expenditures versus appropriations to identify and investigate any variances and to help monitor legal compliance.



**Auditor of State
Betty Montgomery**

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VILLAGE OF MARBLE CLIFF

FRANKLIN 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 18, 2004**