



**VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005-2004**



**Auditor of State  
Betty Montgomery**



VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Fund Types - For the Year Ended December 31, 2005.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Fund Types - For the Year Ended December 31, 2004.....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings .....	19

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**Auditor of State  
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 1, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Marble Cliff  
Franklin County  
1600 Fernwood Avenue  
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, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with 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 audit 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, 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 Village of Marble Cliff, Franklin County, Ohio, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 1, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

September 1, 2006



**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, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$1,174,795	\$1,493	\$0	\$1,176,288
Intergovernmental Receipts	43,720	23,971	0	67,691
Fines, Licenses, and Permits	44,185	0	0	44,185
Earnings on Investments	58,519	1,579	0	60,098
Miscellaneous	5,130	0	0	5,130
	<u>1,326,349</u>	<u>27,043</u>	<u>0</u>	<u>1,353,392</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	326,459	0	0	326,459
Public Health Services	6,162	0	0	6,162
Leisure Time Activities	94,327	0	0	94,327
Community Environment	5,140	0	0	5,140
Basic Utility Services	99,816	0	0	99,816
Transportation	3,864	13,795	0	17,659
General Government	276,264	0	0	276,264
Debt Service:				
Principal Payments	0	0	100,000	100,000
Interest Payments	0	0	85,700	85,700
Capital Outlay	52,770	0	0	52,770
	<u>864,802</u>	<u>13,795</u>	<u>185,700</u>	<u>1,064,297</u>
Total Receipts Over/(Under) Disbursements	<u>461,547</u>	<u>13,248</u>	<u>(185,700)</u>	<u>289,095</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	154	0	185,700	185,854
Transfers-Out	(185,700)	0	0	(185,700)
	<u>(185,546)</u>	<u>0</u>	<u>185,700</u>	<u>154</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	276,001	13,248	0	289,249
Fund Cash Balances, January 1	1,968,496	54,940	0	2,023,436
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,244,497</u></b>	<b><u>\$68,188</u></b>	<b><u>\$0</u></b>	<b><u>\$2,312,685</u></b>
Reserves for Encumbrances, December 31	<u>\$24,544</u>	<u>\$6,606</u>	<u>\$0</u>	<u>\$31,150</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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Earnings on Investments	\$6,588	\$0	\$6,588
Total Operating Cash Receipts	6,588	0	6,588
<b>Operating Cash Disbursements:</b>			
Miscellaneous	4,500	0	4,500
Total Operating Cash Disbursements	4,500	0	4,500
Operating Income	2,088	0	2,088
<b>Non-Operating Cash Receipts:</b>			
Fines, Licenses and Permits	0	31,469	31,469
Total Non-Operating Cash Receipts	0	31,469	31,469
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	31,219	31,219
Total Non-Operating Cash Disbursements	0	31,219	31,219
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	2,088	250	2,338
Transfers-Out	0	(154)	(154)
Net Receipts Over Disbursements	2,088	96	2,184
Fund Cash Balances, January 1	202,336	674	203,010
<b>Fund Cash Balances, December 31</b>	<b>\$204,424</b>	<b>\$770</b>	<b>\$205,194</b>

*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, 2004**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$1,437,928	\$2,398	\$0	\$0	\$1,440,326
Intergovernmental Receipts	55,924	22,025	0	0	77,949
Fines, Licenses, and Permits	43,151	0	0	0	43,151
Earnings on Investments	20,868	661	0	0	21,529
Miscellaneous	16,262	0	0	0	16,262
<b>Total Cash Receipts</b>	<b>1,574,133</b>	<b>25,084</b>	<b>0</b>	<b>0</b>	<b>1,599,217</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	320,960	0	0	0	320,960
Public Health Services	5,632	0	0	0	5,632
Leisure Time Activities	99,484	0	0	0	99,484
Community Environment	220	0	0	0	220
Basic Utility Services	112,778	612	0	0	113,390
Transportation	23,907	4,916	0	0	28,823
General Government	311,231	0	0	33,509	344,740
Debt Service:					
Principal Payments	0	0	100,000	0	100,000
Interest Payments	0	0	90,400	0	90,400
Capital Outlay	212,971	0	0	0	212,971
<b>Total Cash Disbursements</b>	<b>1,087,183</b>	<b>5,528</b>	<b>190,400</b>	<b>33,509</b>	<b>1,316,620</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>486,950</b>	<b>19,556</b>	<b>(190,400)</b>	<b>(33,509)</b>	<b>282,597</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Property	360,000	0	0	0	360,000
Transfers-In	167,890	0	190,400	0	358,290
Transfers-Out	(190,400)	0	0	(167,890)	(358,290)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>337,490</b>	<b>0</b>	<b>190,400</b>	<b>(167,890)</b>	<b>360,000</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	824,440	19,556	0	(201,399)	642,597
Fund Cash Balances, January 1	1,144,056	35,384	0	201,399	1,380,839
<b>Fund Cash Balances, December 31</b>	<b>\$1,968,496</b>	<b>\$54,940</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,023,436</b>
Reserves for Encumbrances, December 31	\$33,288	\$200	\$0	\$0	\$33,488

*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 FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>			
Earnings on Investments	\$1,839	\$0	\$1,839
Total Operating Cash Receipts	1,839	0	1,839
<b>Operating Cash Disbursements:</b>			
Miscellaneous	1,000	0	1,000
Total Operating Cash Disbursements	1,000	0	1,000
Operating Income	839	0	839
<b>Non-Operating Cash Receipts:</b>			
Fines, Licenses and Permits	0	26,240	26,240
Total Non-Operating Cash Receipts	0	26,240	26,240
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	0	26,240	26,240
Total Non-Operating Cash Disbursements	0	26,240	26,240
Net Receipts Over Disbursements	839	0	839
Fund Cash Balances, January 1	201,497	674	202,171
<b>Fund Cash Balances, December 31</b>	<b><u>\$202,336</u></b>	<b><u>\$674</u></b>	<b><u>\$203,010</u></b>

*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, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Marble Cliff, Franklin County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

This fund accounts for resources the Village accumulates to pay bond and note debt. 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 Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

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

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund 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 level of control, and appropriations may not exceed estimated resources. Village 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, 2005 AND 2004  
(Continued)**

**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 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool all funds use except the non-expendable trust fund. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2005	2004
Demand deposits	\$1,079,833	\$71,259
Certificates of deposit	667,222	1,407,629
Total deposits	1,747,055	1,478,888
STAR Ohio	770,824	747,558
Total investments	770,824	747,558
Total deposits and investments	\$2,517,879	\$2,226,446

**Deposits:** Deposits are 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, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,287,133	\$1,326,503	\$39,370
Special Revenue	23,040	27,043	4,003
Debt Service	185,700	185,700	0
Fiduciary	6,600	6,588	(12)
Total	<u>\$1,502,473</u>	<u>\$1,545,834</u>	<u>\$43,361</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,672,942	\$1,075,046	\$597,896
Special Revenue	21,800	20,401	1,399
Debt Service	185,700	185,700	0
Fiduciary	4,500	4,500	0
Total	<u>\$1,884,942</u>	<u>\$1,285,647</u>	<u>\$599,295</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,929,957	\$2,102,023	\$172,066
Special Revenue	23,700	25,084	\$1,384
Debt Service	190,400	190,400	\$0
Fiduciary	1,500	1,839	\$339
Total	<u>\$2,145,557</u>	<u>\$2,319,346</u>	<u>\$173,789</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,731,300	\$1,310,871	\$420,429
Special Revenue	21,800	5,728	16,072
Debt Service	190,400	190,400	0
Capital Projects	267,890	201,399	66,491
Fiduciary	20,000	1,000	19,000
Total	<u>\$2,231,390</u>	<u>\$1,709,398</u>	<u>\$521,992</u>



**VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**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, 2005 was as follows:

	Principal	Interest Rate
General Obligation Bonds	1,500,000	4.7-5.7%

Amortization of the above debt, including interest, follows:

Year ending December 31:	General Obligation Bonds
2006	\$181,000
2007	176,000
2008	171,000
2009	166,000
2010	161,000
2011-2015	725,000
2016-2020	585,500
Total	\$2,165,500

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. Debt principal outstanding at December 31, 2005 was \$1,500,000.

**VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RETIREMENT SYSTEM**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**8. 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 460 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.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

	<b>2005</b>	<b>2004</b>
Assets	\$ 8,219,430	\$ 6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Member's Equity	<u>\$ 5,470,791</u>	<u>\$ 4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**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.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Marble Cliff  
Franklin County  
1600 Fernwood Avenue  
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, 2005 and 2004, and have issued our report thereon dated September 1, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

35 N. Fourth St. / Second Floor / Columbus, OH 43215  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Village of Marble Cliff  
Franklin County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for 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

September 1, 2006

**VILLAGE OF MARBLE CLIFF  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31 2005 and 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Expenditures Exceeding Appropriations	See Explanation	Finding 2003-001  Documentation provided by the Clerk/Treasurer supported the Village's position that the Finding should not have been issued.







**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 19, 2006**