



**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY

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Dave Yost • Auditor of State

Village of Marble Cliff
Franklin County
1600 Fernwood Avenue
Columbus, OH 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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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 adverse 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.

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Dave Yost
Auditor of State

April 19, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Marble Cliff
Franklin County
1600 Fernwood Avenue
Columbus, OH 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, 2011 and 2010. 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(A) mandates 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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.

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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flow, where applicable, 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 as of December 31, 2011 and 2010 of the Village of Marble Cliff, Franklin County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 10, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

April 19, 2012

**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, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 10,274	\$ -	\$ -	\$ -	\$ 10,274
Municipal Income Tax	817,804	-	-	-	817,804
Intergovernmental	55,001	31,296	-	13,178	99,475
Fines, Licenses and Permits	52,625	-	-	-	52,625
Earnings on Investments	4,103	239	-	-	4,342
Miscellaneous	9,799	-	-	-	9,799
Total Cash Receipts	949,606	31,535	-	13,178	994,319
Cash Disbursements:					
Current:					
Security of Persons and Property	407,597	-	-	-	407,597
Public Health Services	8,705	-	-	-	8,705
Leisure Time Activities	81,524	-	-	-	81,524
Community Environment	738	-	-	-	738
Basic Utility Service	91,796	-	-	-	91,796
Transportation	495	57,364	-	-	57,859
General Government	288,288	-	-	11,900	300,188
Capital Outlay	26,444	-	-	-	26,444
Debt Service:					
Principal Retirement	-	-	1,101,935	-	1,101,935
Interest and Fiscal Charges	-	-	57,950	-	57,950
Total Cash Disbursements	905,587	57,364	1,159,885	11,900	2,134,736
Excess of Receipts Over (Under) Disbursements	44,019	(25,829)	(1,159,885)	1,278	(1,140,417)
Other Financing Receipts / (Disbursements):					
Bond Proceeds	-	-	1,000,000	-	1,000,000
Transfers-In	-	-	159,885	3,005	162,890
Transfers-Out	(162,890)	-	-	-	(162,890)
Total Other Financing Receipts / (Disbursements)	(162,890)	-	1,159,885	3,005	1,000,000
Net Change in Fund Cash Balances	(118,871)	(25,829)	-	4,283	(140,417)
Fund Cash Balances, January 1	2,094,911	133,046	-	-	2,227,957
Fund Cash Balances, December 31					
Restricted	-	107,217	-	4,283	111,500
Assigned	75,573	-	-	-	75,573
Unassigned	1,900,467	-	-	-	1,900,467
Fund Cash Balances, December 31	\$ 1,976,040	\$ 107,217	\$ -	\$ 4,283	\$ 2,087,540

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Agency	Private Purpose Trust	
Operating Cash Receipts:				
Charges for Services	\$ 18,120	\$ -	\$ -	\$ 18,120
Earnings on Investment	-	-	1,176	1,176
Total Operating Cash Receipts	<u>18,120</u>	<u>-</u>	<u>1,176</u>	<u>19,296</u>
Operating Cash Disbursements:				
Contractual Services	-	-	24	24
Total Operating Cash Disbursements	<u>-</u>	<u>-</u>	<u>24</u>	<u>24</u>
Operating Income/(Loss)	<u>18,120</u>	<u>-</u>	<u>1,152</u>	<u>19,272</u>
Non-Operating Receipts / (Disbursements):				
Fines, Licenses and Permits	-	42,278	-	42,278
Other Disbursements	-	(42,553)	-	(42,553)
Earnings on Investments	13	-	-	13
Other Financing Uses	-	-	(1,750)	(1,750)
Total Non-Operating Receipts / (Disbursements)	<u>13</u>	<u>(275)</u>	<u>(1,750)</u>	<u>(2,012)</u>
Net Change in Fund Cash Balance	18,133	(275)	(598)	17,260
Fund Cash Balances, January 1	<u>-</u>	<u>550</u>	<u>202,851</u>	<u>203,401</u>
Fund Cash Balances, December 31	<u><u>\$ 18,133</u></u>	<u><u>\$ 275</u></u>	<u><u>\$ 202,253</u></u>	<u><u>\$ 220,661</u></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, 2010**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$ 15,856	\$ -	\$ -	\$ -	\$ 15,856
Municipal Income Tax	676,637	-	-	-	676,637
Intergovernmental	42,666	30,504	-	9,167	82,337
Fines, Licenses and Permits	60,106	-	-	-	60,106
Earnings on Investments	4,474	228	-	-	4,702
Miscellaneous	84,870	-	-	-	84,870
	<u>884,609</u>	<u>30,732</u>	<u>-</u>	<u>9,167</u>	<u>924,508</u>
Total Cash Receipts					
	<u>884,609</u>	<u>30,732</u>	<u>-</u>	<u>9,167</u>	<u>924,508</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	379,998	-	-	-	379,998
Public Health Services	9,015	-	-	-	9,015
Leisure Time Activities	77,456	-	-	-	77,456
Community Environment	938	-	-	-	938
Basic Utility Service	82,593	-	-	-	82,593
Transportation	8,355	38,783	-	-	47,138
General Government	279,780	-	-	-	279,780
Capital Outlay	89,289	-	-	10,422	99,711
Debt Service:					
Principal Retirement	-	-	101,935	-	101,935
Interest and Fiscal Charges	-	-	61,000	-	61,000
	<u>927,424</u>	<u>38,783</u>	<u>162,935</u>	<u>10,422</u>	<u>1,139,564</u>
Total Cash Disbursements					
	<u>927,424</u>	<u>38,783</u>	<u>162,935</u>	<u>10,422</u>	<u>1,139,564</u>
Excess of Receipts Under Disbursements	<u>(42,815)</u>	<u>(8,051)</u>	<u>(162,935)</u>	<u>(1,255)</u>	<u>(215,056)</u>
Other Financing Receipts / (Disbursements):					
Transfers-In	-	-	162,935	-	162,935
Transfers-Out	(162,935)	-	-	-	(162,935)
Advances-In	9,167	-	-	-	9,167
Advances-Out	-	-	-	(9,167)	(9,167)
	<u>(153,768)</u>	<u>-</u>	<u>162,935</u>	<u>(9,167)</u>	<u>-</u>
Total Other Financing Receipts / (Disbursements)					
	<u>(153,768)</u>	<u>-</u>	<u>162,935</u>	<u>(9,167)</u>	<u>-</u>
Net Change in Fund Cash Balances	(196,583)	(8,051)	-	(10,422)	(215,056)
Fund Cash Balances, January 1	2,291,494	141,097	-	10,422	2,443,013
	<u>2,291,494</u>	<u>141,097</u>	<u>-</u>	<u>10,422</u>	<u>2,443,013</u>
Fund Cash Balances, December 31					
Restricted	-	133,046	-	-	133,046
Assigned	68,344	-	-	-	68,344
Unassigned	2,026,567	-	-	-	2,026,567
Fund Cash Balances, December 31	<u>\$ 2,094,911</u>	<u>\$ 133,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,227,957</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, 2010**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Agency	Private Purpose Trust	
Operating Cash Receipts:			
Fines, Licenses and Permits	\$ -	\$ 512	\$ 512
Total Operating Cash Receipts	-	512	512
Operating Income	-	512	512
Non-Operating Receipts / (Disbursements):			
Fines, Licenses and Permits	48,818	-	48,818
Other Disbursements	(48,268)	-	(48,268)
Other Financing Uses	-	(3,350)	(3,350)
Total Non-Operating Receipts / (Disbursements)	550	(3,350)	(2,800)
Net Change in Fund Balance	550	(2,838)	(2,288)
Fund Cash Balances, January 1	-	205,689	205,689
Fund Cash Balances, December 31	<u>\$ 550</u>	<u>\$ 202,851</u>	<u>\$ 203,401</u>

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, 2011 AND 2010**

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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs 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. Under the service contract with Grandview Heights, the Village utilizes the City's municipal building to convene the Village's Mayor's Court.

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

B. Accounting Basis

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. The Village 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values certificate of deposits at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

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

4. Capital Project Funds

These funds account 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 funds:

2009 Storm Water and Sanitary Sewer Improvements Fund – This fund received grant and loan proceeds for a project to construct and repair sewer pipes and drains.

2011 Dublin Road Storm Water and Sanitary Sewer Rehabilitation Fund- This fund received grant proceeds for project improvements on Dublin Road.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund is used for the purpose of a scholarship fund for the benefit of the children of parents who are residents of the Village.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts 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, object level of control, and appropriations may not exceed estimated resources. The 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.

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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 Deposits and Investments

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

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2011	2010
Demand deposits	\$433,819	\$1,341,847
Certificates of deposit	1,025,000	202,851
Total deposits	1,458,819	1,544,698
U.S. Treasury Notes		
STAR Ohio	787,154	886,660
Money Market Mutual Funds	62,228	0
Total investments	849,382	886,660
Total deposits and investments	\$2,308,201	\$2,431,358

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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$887,542	\$949,606	\$62,064
Special Revenue	27,730	31,535	3,805
Debt Service	1,159,885	1,159,885	0
Capital Projects	194,125	16,183	(177,942)
Enterprise	10,250	18,133	7,883
Fiduciary	50,500	43,454	(7,046)
Total	\$2,330,032	\$2,218,796	(\$111,236)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,270,765	\$1,144,050	\$126,715
Special Revenue	66,000	57,364	8,636
Debt Service	1,159,885	1,159,885	0
Capital Projects	13,178	11,900	1,278
Fiduciary	60,000	42,577	17,423
Total	\$2,569,828	\$2,415,776	\$154,052

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 794,479	\$ 893,776	\$ 99,297
Special Revenue	26,465	30,732	4,267
Debt Service	163,500	162,935	(565)
Capital Projects	9,167	9,167	-
Fiduciary	50,500	49,330	(1,170)
Total	\$ 1,044,111	\$ 1,145,940	\$ 101,829

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,220,664	\$ 1,158,703	\$ 61,961
Special Revenue	51,750	38,783	12,967
Debt Service	163,500	162,935	565
Capital Projects	10,423	10,423	-
Fiduciary	55,000	48,268	6,732
Total	\$ 1,501,337	\$ 1,419,112	\$ 82,225

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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. Tangible personal property tax is being phased out – the assessment percentage for all property including inventory will be reduced to zero for 2011.

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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$900,000	4%
Ohio Public Works Commission	55,140	0%
Total	\$955,140	

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. However, in May 2011, the Village retired this debt in the principal amount of \$1,000,000.

The Village refinanced the 2000 issuance in the amount of \$1,000,000 in 2011. The general obligation bonds were issued June 1, 2011 and mature December 1, 2020. The bonds are collateralized by the Village's taxing authority. Debt principal outstanding at December 31, 2011 was \$900,000

The Loan proceeds received in 2009 from the Ohio Public Works Commission (OPWC) were used for storm water and sanitary sewer improvements in a number of locations in the western half of the Village. The loan proceeds amount was authorized up to \$107,000; however, the Village only borrowed \$58,043. The Village will repay the loan in semiannual installments of \$967, with zero interest. The loan proceeds principal outstanding at December 31, 2011 was \$55,140.

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

	General Obligation Bonds	OPWC
Year ending December 31:		
2012	\$135,910	\$1,935
2013	131,920	1,935
2014	127,930	1,935
2015	123,940	1,935
2016-2020	559,850	9,674
2021-2025	0	9,674
2026-2030	0	9,674
2031-2035	0	9,674
2036-2040	0	8,705
Total	\$1,079,550	\$55,140

7. Retirement Systems

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 this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Risk Management

The Village belongs to 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 pays judgments, settlements and other expenses resulting from covered claims that exceed the Members deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the Plan retains 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.

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 financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

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

	2010*	2009*
Assets	\$12,036,541	\$11,176,186
Liabilities	(\$4,845,056)	(\$4,852,485)
Member's Equity	\$7,191,485	\$6,323,701

*Latest information available from Ohio Government Risk Management Plan

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

9. Workers' Compensation

The Village participated in the Ohio Municipal League Equity Pooling Workers' Compensation Group Rating Plan (the 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. Changes in Accounting Principles

The Village has implemented Government Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The implementation of this statement resulted in changes to the Village's statement presentation, relating to fund balance classifications, as described above in Note 1F.

**VILLAGE OF MARBLE CLIFF
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

11. Contingent Liabilities

The Village was not a party to any lawsuits or any litigation as of December 31, 2011 or 2010, and is not currently a defendant in any legal case.

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Dave Yost • Auditor of State

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, OH 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, 2011 and 2010, and have issued our report thereon dated April 19, 2012, 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 the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". We also noted 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(A) mandates the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 19, 2012.

We intend this report solely for the information and use of management, the finance committee, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

April 19, 2012



Dave Yost • Auditor of State

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
MAY 15, 2012