

**VILLAGE OF AMBERLEY**  
**HAMILTON COUNTY**

**REGULAR AUDIT**

January 1, 2008 through December 31, 2009

Years Audited Under GAGAS: 2009 and 2008

**Caudill & Associates, CPA's**  
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# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Amberley  
7149 Ridge Road  
Cincinnati, Ohio 45237

We have reviewed the *Independent Auditor's Report* of the Village of Amberley, Hamilton County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Amberley is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 6, 2010

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VILLAGE OF AMBERLEY  
HAMILTON COUNTY

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Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

### Independent Auditor's Report

Members of Council  
Village of Amberley  
7149 Ridge Road  
Amberley, Ohio 45237

We have audited the accompanying financial statements of the Village of Amberley (The Village), Hamilton County, as of and for the years ended December 31, 2009 and 2008. 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.

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, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2009 and 2008. 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.

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, 2009 and 2008, 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, 2009 and 2008, or its changes in financial position, or cash flows of its proprietary funds and fiduciary funds 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 the Village, as of the December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Members of Council  
Village of Amberley  
Independent Auditor's Report

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 June 1, 2010, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Caudill & Associates, CPAs*

Caudill & Associates, CPAs

June 1, 2010

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b><u>Cash Receipts</u></b>					
Property and Other Taxes	\$ 1,111,177	\$ 49,438	\$ -	\$ -	\$ 1,160,615
Municipal Income Taxes	2,069,336	-	-	-	2,069,336
Intergovernmental Receipts	1,429,689	288,560	-	-	1,718,249
Charges for Services	29,717	-	-	-	29,717
Fines, License & Permits	198,650	7,998	-	-	206,648
Earnings on Investment	135,357	-	-	-	135,357
Miscellaneous	518	-	-	-	518
<b>Total Cash Receipts</b>	<b>4,974,444</b>	<b>345,996</b>	<b>-</b>	<b>-</b>	<b>5,320,440</b>
<b><u>Cash Disbursements</u></b>					
Current:					
Security of Persons and Property	2,582,686	116,819	-	-	2,699,505
Public Health Services	110,173	-	-	-	110,173
Leisure Time Activities	2,962	-	-	-	2,962
Community Environment	85,728	7,378	-	-	93,106
Basic Utility Services	190,203	-	-	-	190,203
Transportation	889,572	30,401	-	-	919,973
General Government	1,532,351	-	-	-	1,532,351
Capital Outlay	-	77,294	-	113,791	191,085
Debt Services:					
Principal Payments	-	-	-	6,000,000	6,000,000
Interest Payments	-	-	-	220,000	220,000
<b>Total Cash Disbursements</b>	<b>5,393,675</b>	<b>231,892</b>	<b>-</b>	<b>6,333,791</b>	<b>11,959,358</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>(419,231)</b>	<b>114,104</b>	<b>-</b>	<b>(6,333,791)</b>	<b>(6,638,918)</b>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Anticipation Note	-	-	-	6,220,000	6,220,000
Transfers In	123,309	-	-	-	123,309
Transfers Out	-	(123,309)	-	-	(123,309)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>123,309</b>	<b>(123,309)</b>	<b>-</b>	<b>6,220,000</b>	<b>6,220,000</b>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements					
	(295,922)	(9,205)	-	(113,791)	(418,918)
Fund Cash Balance, January 1	5,199,476	545,760	160	441,055	6,186,451
Fund Cash Balance, December 31	<u>\$ 4,903,554</u>	<u>\$ 536,555</u>	<u>\$ 160</u>	<u>\$ 327,264</u>	<u>\$ 5,767,533</u>
Reserve for Encumbrances, December 31	<u>\$ 246,920</u>	<u>\$ 140,696</u>	<u>\$ -</u>	<u>\$ 112,294</u>	<u>\$ 499,910</u>

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

**VILLAGE OF AMBERLEY  
HAMILTON 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, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<b><u>Operating Cash Receipts</u></b>			
Charges for Services	\$ 331,296	\$ -	\$ 331,296
Total Operating Cash Receipts	<u>331,296</u>	<u>-</u>	<u>331,296</u>
<b><u>Operating Cash Disbursements</u></b>			
Personal Services	15,324	-	15,324
Contractual Services	151,049	-	151,049
Supplies and Materials	28,266	-	28,266
Capital Outlay	59,221	-	59,221
Total Operating Cash Disbursements	<u>253,860</u>	<u>-</u>	<u>253,860</u>
Operating Income	<u>77,436</u>	<u>-</u>	<u>77,436</u>
<b><u>Non-Operating Cash Receipts</u></b>			
Other Non-Operating Receipts	-	67,051	67,051
Total Non-Operating Cash Receipts	<u>-</u>	<u>67,051</u>	<u>67,051</u>
<b><u>Non-Operating Cash Disbursements:</u></b>			
Other Non-operating Cash Disbursements	-	(64,940)	(64,940)
Total Non-Operating Cash Disbursements	<u>-</u>	<u>(64,940)</u>	<u>(64,940)</u>
Excess of Cash Receipts and Non-operating Receipts Over/ (Under) Disbursements and Non-operating Disbursements	<u>77,436</u>	<u>2,111</u>	<u>79,547</u>
Fund Cash Balances, January 1	<u>405,733</u>	<u>33,852</u>	<u>439,585</u>
Fund Cash Balances, December 31	<u>\$ 483,169</u>	<u>\$ 35,963</u>	<u>\$ 519,132</u>
Reserve for Encumbrances, December 31	<u>\$ 286,135</u>	<u>\$ -</u>	<u>\$ 286,135</u>

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

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b><u>Cash Receipts</u></b>					
Property and Other Taxes	\$ 1,199,121	\$ 49,269	\$ -	\$ -	\$ 1,248,390
Municipal Income Taxes	2,396,271	-	-	-	2,396,271
Intergovernmental Receipts	446,543	350,660	-	-	797,203
Charges for Services	27,834	-	-	-	27,834
Fines, License & Permits	194,561	4,910	-	-	199,471
Earnings on Investments	352,390	-	-	-	352,390
Miscellaneous	48,412	-	-	-	48,412
	<u>4,665,132</u>	<u>404,839</u>	<u>-</u>	<u>-</u>	<u>5,069,971</u>
Total Cash Receipts					
<b><u>Cash Disbursements</u></b>					
Current:					
Security of Persons and Property	2,980,570	6,949	-	-	2,987,519
Public Health Services	109,828	-	-	-	109,828
Leisure Time Activities	5,606	-	-	-	5,606
Community Environment	63,898	-	-	-	63,898
Basic Utility Services	185,026	-	-	-	185,026
Transportation	948,886	164,389	-	-	1,113,275
General Government	1,224,226	-	-	-	1,224,226
Capital Outlay	26,771	657,160	-	5,990,517	6,674,448
Debt Service:					
Principal Payments	-	-	480,000	-	480,000
Interest Payments	-	-	20,880	-	20,880
	<u>5,544,811</u>	<u>828,498</u>	<u>500,880</u>	<u>5,990,517</u>	<u>12,864,706</u>
Total Cash Disbursements					
Total Receipts Over (Under) Disbursements	<u>(879,679)</u>	<u>(423,659)</u>	<u>(500,880)</u>	<u>(5,990,517)</u>	<u>(7,794,735)</u>
<b><u>Other Financing Receipts (Disbursements)</u></b>					
Sale of Fixed Assets	3,529	-	-	-	3,529
Sale of Anticipation Note	-	-	-	6,000,000	6,000,000
Transfers In	-	175,000	501,000	270,000	946,000
Transfers Out	(946,000)	-	-	-	(946,000)
	<u>(942,471)</u>	<u>175,000</u>	<u>501,000</u>	<u>6,270,000</u>	<u>6,003,529</u>
Total Other Financing Receipts (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements					
	(1,822,150)	(248,659)	120	279,483	(1,791,206)
Fund Cash Balance, January 1	<u>7,021,626</u>	<u>794,419</u>	<u>40</u>	<u>161,572</u>	<u>7,977,657</u>
Fund Cash Balance, December 31	<u>\$ 5,199,476</u>	<u>\$ 545,760</u>	<u>\$ 160</u>	<u>\$ 441,055</u>	<u>\$ 6,186,451</u>
Reserve for Encumbrances, December 31	<u>288,713</u>	<u>\$ 58,447</u>	<u>\$ -</u>	<u>\$ 112,294</u>	<u>\$ 459,454</u>

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

**VILLAGE OF AMBERLEY  
HAMILTON 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, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	Enterprise	Agency	Totals
<b><u>Operating Cash Receipts</u></b>			
Charges for Services	\$ 315,756	\$ -	\$ 315,756
Total Operating Cash Receipts	<u>315,756</u>	<u>-</u>	<u>315,756</u>
<b><u>Operating Cash Disbursements</u></b>			
Contractual Services	83,251	-	83,251
Supplies and Materials	37,991	-	37,991
Capital Outlay	283,236	-	283,236
Total Operating Cash Disbursements	<u>404,478</u>	<u>-</u>	<u>404,478</u>
Operating Income	<u>(88,722)</u>	<u>-</u>	<u>(88,722)</u>
<b><u>Non-Operating Cash Receipts</u></b>			
Other Non-Operating Receipts	-	50,830	50,830
Total Non-Operating Cash Receipts	<u>-</u>	<u>50,830</u>	<u>50,830</u>
<b><u>Non-Operating Cash Disbursements:</u></b>			
Other Non-operating Cash Disbursements	-	(51,022)	(51,022)
Total Non-Operating Cash Disbursements	<u>-</u>	<u>(51,022)</u>	<u>(51,022)</u>
Excess of Cash Receipts and Non-operating Receipts Over/ (Under) Disbursements and Non-operating Disbursements	<u>(88,722)</u>	<u>(192)</u>	<u>(88,914)</u>
Fund Cash Balances, January 1	<u>494,455</u>	<u>34,044</u>	<u>528,499</u>
Fund Cash Balances, December 31	<u>\$ 405,733</u>	<u>\$ 33,852</u>	<u>\$ 439,585</u>
Reserve for Encumbrances, December 31	<u>\$ 46,194</u>	<u>\$ -</u>	<u>\$ 46,194</u>

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

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Amberley, Hamilton County, Ohio (the Village) as a body corporate and politic. A publicly-elected seven-member Council (including Mayor) governs the Village. The Village provides security of persons and property, park operations (leisure time activities), street maintenance, fire and police services, public works and administrative services to its residents.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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 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 and US Treasury Notes and bonds 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. The general fund also receives the Village's Municipal income tax monies.

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**D. Fund Accounting (Continued)**

**2. Special Revenue Fund (Continued)**

The Village had the following significant Special Revenue Funds:

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

Police and Fire Disability and Pension Fund – This fund receives property tax monies to fund the police and fire pension accrued liability obligation.

**3. Debt Service Fund**

These funds account for resources the Village accumulates to pay bonds and notes debt. The Village had the following significant Debt Service Fund:

Bond retirement fund – The fund receives monies transferred from the Village's general Fund to be used to pay principal and interest of the Village's long term debt.

**4. Capital Projects Fund**

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 Fund:

Other Capital Projects Fund – This fund receives monies transferred from the Village's General fund for various construction projects throughout the Village.

**5. Enterprise Fund**

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 Fund:

Stormwater Utility Fund – This fund receives charges for services from residents to cover repair and maintenance costs of storm water basins.

**6. Fiduciary Funds**

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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

**6. Fiduciary Funds**

The Village had the following significant Fiduciary Funds:

Agency Funds:

Mayor's Court Fund – This fund is used to account for the collection and distribution of court fines and forfeitures.

Valley Band Escrow Fund – This fund is used to account for the multi-jurisdictional Valley Band radio escrow account to maintain the Valley Band radio system.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus the cash balance 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 2009 and 2008 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

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

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

	2009	2008
Demand deposits	\$ 3,778,655	\$ 2,221,052
Total Deposits	3,778,655	2,221,052
US Treasury Notes and Bonds	2,005,652	4,002,626
STAR OHIO	502,358	402,358
Total Investments	2,508,010	4,404,984
Total deposits and investments	\$ 6,286,665	\$ 6,626,036

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Village's U.S. Treasury notes and Bonds in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The Financial institution maintains records identifying the Village as owner of these securities.

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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,621,456	\$ 5,097,753	\$ 476,297
Special Revenue	420,488	345,996	(74,492)
Capital Projects	6,570,720	6,220,000	(350,720)
Enterprise Fund	315,756	331,296	15,540
Fiduciary Fund	67,051	67,051	-
Total	\$ 11,995,471	\$ 12,062,096	\$ 66,625

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**BUDGETARY ACTIVITY (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,758,436	\$ 5,640,595	\$ 117,841
Special Revenue	391,559	495,897	(104,338)
Capital Projects	6,588,800	6,446,085	142,715
Enterprise Fund	354,730	539,995	(185,265)
Fiduciary Fund	64,940	64,940	-
Total	<u>\$ 13,158,465</u>	<u>\$ 13,187,512</u>	<u>\$ (29,047)</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,529,894	\$ 4,668,661	\$ 138,767
Special Revenue	215,884	579,839	363,955
Debt Service	500,800	501,000	200
Capital Projects	6,210,720	6,270,000	59,280
Enterprise Fund	325,000	315,756	(9,244)
Fiduciary Fund	50,830	50,830	-
Total	<u>\$ 11,833,128</u>	<u>\$ 12,386,086</u>	<u>\$ 552,958</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,328,114	\$ 6,779,524	\$ (1,451,410)
Special Revenue	443,250	886,945	(443,695)
Debt Service	500,880	500,880	-
Capital Projects	6,409,223	6,102,811	306,412
Enterprise Fund	353,034	450,672	(97,638)
Fiduciary Fund	51,022	51,022	-
Total	<u>\$ 13,085,523</u>	<u>\$ 14,771,854</u>	<u>\$ (1,686,331)</u>

**4. NON COMPLIANCE**

Contrary to the Ohio Rev. Code Section 5705.41 (B), the Village made disbursements in excess of appropriations for several funds in 2009 and 2008.

Contrary to the Ohio Rev. Code Section 5705.36, the Village made appropriations in excess of what was available for appropriation for several funds in 2009 and 2008.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the 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.

Public utilities are also taxed on personal and real property located within the Village.

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 Villages behalf.

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2% 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 with in 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.

**7. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Judgment Bond Anticipation Note – 2009	<u>\$ 6,220,000</u>	1.5%
Total	<u>\$ 6,220,000</u>	

In September of 2008, as a result of litigation, the Village secured a Judgment Bond Anticipation Note in the amount of \$6,000,000 to purchase a country club in anticipation of securing a long term bond in 2009.

In 2009, the Village secured a Bond Anticipation Note, in the amount of \$6,220,000 and paid the interest and principal of the 2008 Bond Anticipation Note, thus capitalizing interest, in anticipation of securing a long term bond in fiscal year 2010.

Amortization of the above debt follows:

<u>Year ending December 31:</u>	<u>Judgment Bond Anticipation Note Principal</u>	<u>Interest</u>
2010	\$ 6,220,000	\$ 93,300

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**8. RETIREMENT SYSTEM**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multi-employer plans. 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 2009 and 2008, OP & F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages. For 2009 and 2008, 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, 2009

**9. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and Omissions

**10. TRANSFERS**

During 2009 and 2008 the following transfers were made:

	2009	
	Transfers In	Transfers Out
General Fund	\$ 123,309	-
FEMA Fund	-	\$ 123,309
<b>Total Transfers</b>	<b>\$ 123,309</b>	<b>\$ 123,309</b>
	2008	
	Transfers In	Transfers Out
General Fund	\$ -	\$ 946,000
Street Construction	175,000	-
Bond Retirement Fund	501,000	-
Capital Project Fund	250,000	
Public Facilities Fund	20,000	-
<b>Total Transfers</b>	<b>\$ 946,000</b>	<b>\$ 946,000</b>

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**10. TRANSFERS (Cont'd)**

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Funds transferred were approved by the Village Council for FEMA reimbursement, Debt Obligations, and Construction projects.



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### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Members of Council  
Village of Amberley  
7149 Ridge Road  
Amberley, Ohio 45237

We have audited the financial statements of the Village of Amberley (the Village), Hamilton County, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 1, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than generally accepted accounting principles. 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.

#### **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 on 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control we consider to be significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-004 described in the accompanying schedule of findings and responses to be a material weakness.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-003 described in the accompanying schedule of findings and responses to be a significant deficiency.

Members of Council  
Village of Amberley

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as items 2009-001 through 2009-002.

We did note certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 1, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of management and council, and is not intended to be and should not be used by anyone other than these specified parties.

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's

June 1, 2010

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)**

Ohio Revised Code Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2009, expenditures exceeded appropriations in the Police and Fire Fund, Federal and State Grant Fund, and Stormwater Utility Fund.

In 2008, expenditures exceeded appropriations in the General Fund, Street Construction Fund, Capital Project Fund and Stormwater Utility Fund.

Failure to limit expenditures to appropriations could result in deficit spending and deficit fund balances.

The Village should establish sound budgetary controls to ensure that expenditures do not exceed appropriations for any fund.

**Village Response:**

The Village has been diligent to comply with Ohio Revised Code. A comparison of the prior audited financials shows an improvement in Village compliance. The Village had appropriated enough funds to cover all expenditures, however, did not appropriate enough to cover all of the encumbrances. The Village will continue to monitor the compliance requirements, obtain continuing education, and will amend the certificate of appropriations with the County Auditor when deemed necessary.

**FINDING NUMBER 2009-002**

**Noncompliance Citation – Ohio Rev. Code Section 5705.36 (A)**

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. The Ohio Revised Code Section 5705.36 (A) (4) requires the Village to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2009 and 2008, the Capital Projects Fund had appropriations in excess of their available resources. Failure to obtain reduced amended certificate, when actual revenues are less than the budgeted revenues, may lead to expenditures in excess of available fund balances.

We recommend the Village obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Village Council's Minutes.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2009-002 (Cont'd)**

**Village Response:**

The Village has been diligent to comply with Ohio Revised Code. The Village will continue to monitor the compliance requirements, obtain continuing education, and will amend the certificate of estimated resources when deemed necessary.

**FINDING NUMBER 2009-003**

**Significant Deficiency – Expenditure Reduction**

A reduction of expenditure is appropriate when the village has overpaid and the overpayment is returned, the return of a deposit, or the return of a prepayment for services when the services are not provided.

A reduction of expenditure is not appropriate when the village receives a reimbursement from other entities for services provided, a reimbursement of general fund expenses from the State or other governments, or a refund of a prior year's expenditure. Each of these situations are recorded as revenue.

In 2009 and 2008, we noted fifty two receipts posted as expenditure reductions that did not meet the qualifications of an expenditure reduction. As a result, an adjustment had to be performed to accurately reflect the activity of the Village.

The Village should review the Auditor of State Village Officer's Handbook to become familiar with the conditions required to post expenditure reductions.

**Village Response:**

This matter was reviewed in the 2006 and 2007 audit report; however, due to the State of Ohio Auditor's Office delaying the audit schedule, that audit report was not finalized until late summer 2008. By the time the Village had an opportunity to be informed of and examine the issue; most of the 2008 calendar year had passed. Expenditures had been recorded with unknown, inappropriate expenditure reductions. The Village believes that this will be fully resolved in fiscal year 2010.

**FINDING NUMBER 2009-004**

**Material Weakness – Failure to properly post receipts and disbursements and financial reconciliation.**

All disbursements and receipts should be posted in accordance with the Auditor of State account codes and in the proper object class.

During 2009 and 2008, there were numerous errors in the posting of receipts and disbursements including, but not limited to, improper account coding. As well, the financial reports submitted to Auditor of State by the Village did not agree to the general ledger trial balances, indicating that reconciliations were not performed from the general ledger to the financial reports.

Failure to accurately post disbursements and receipts to the correct funds could result in a material misstatement of the financial statements. Reconciliations should be performed on a consistent basis between financial statements, budgetary reports, and financial reports submitted to the Auditor of State for the purpose of consistency and to discover errors and irregularities in the financial statements.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2009 AND 2008**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-004 (Cont'd)**

The Village should implement procedures to ensure that all receipts and disbursements are posted to the correct fund and maintain supporting documentation on all entries. As well, audit adjustments should be performed in a timely manner, before closing of year end, and adequate supporting documentation and approval should be maintained for any approved adjustments.

**Village Response:**

The Auditor of State, historically, has provided only minimal instructions and has provided no training sessions or classes to instruct local government staff regarding the correct completion of the State generated reports and documents. The Village staff has completed these reports to the best of their ability and knowledge each year.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

*Schedule of Prior Audit Findings  
For the Fiscal Years Ended December 31, 2009 and 2008*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Non-Compliance with 5705.14, 15, 16	Yes	N/A
2007-002	Non-Compliance with 5705.36	No	Reissued as Finding # 2009-002
2007-003	Non-compliance with 5705.39	No	Partially Corrected. See Management Letter
2007-004	Non-Compliance with 5705.41 (B)	No	Reissued as Finding # 2009-001
2007-005	Non-Compliance with 5705.41 (D)(1)	Yes	N/A
2007-006	Income Tax System Reconciliation	Yes	N/A
2007-007	Fund Misclassification	Yes	N/A
2007-008	Expenditure Reduction	No	Reissued as Finding 2009-003



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF AMBERLEY**

**HAMILTON 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  
AUGUST 19, 2010**