



Dave Yost • Auditor of State



VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Arlington Heights  
Hamilton County  
601 Elliott Avenue  
Arlington Heights, Ohio 45215

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Arlington Heights, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Arlington Heights, Hamilton County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 2, 2015

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$39,248	\$60,087	\$0	\$99,335
Municipal Income Tax	497,576			497,576
Intergovernmental	24,556	120,281	34,250	179,087
Charges for Services	10,316	91,037		101,353
Fines, Licenses and Permits	266,166	32,786		298,952
Miscellaneous	12,901	297		13,198
<i>Total Cash Receipts</i>	850,763	304,488	34,250	1,189,501
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	371,864	81,089		452,953
Leisure Time Activities	3,618			3,618
Basic Utility Services		94,251		94,251
Transportation		103,537		103,537
General Government	440,774	6,602		447,376
Capital Outlay			34,250	34,250
Debt Service:				
Principal Retirement	21,319	6,761		28,080
Interest and Fiscal Charges	841	1,166		2,007
<i>Total Cash Disbursements</i>	838,416	293,406	34,250	1,166,072
<i>Excess of Receipts Over (Under) Disbursements</i>	12,347	11,082	0	23,429
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	800			800
<i>Total Other Financing Receipts (Disbursements)</i>	800	0	0	800
<i>Net Change in Fund Cash Balances</i>	13,147	11,082	0	24,229
<i>Fund Cash Balances, January 1</i>	185,083	202,975	0	388,058
<b>Fund Cash Balances, December 31</b>				
Restricted	0	214,057	0	214,057
Assigned	1,991	0	0	1,991
Unassigned (Deficit)	196,239	0	0	196,239
<i>Fund Cash Balances, December 31</i>	\$198,230	\$214,057	\$0	\$412,287

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

VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Agency</u>
<b>Non-Operating Receipts</b>	
Other Non-Operating Cash Receipts	<u>\$381,119</u>
<i>Total Non-Operating Receipts</i>	<u>381,119</u>
<b>Non-Operating Disbursements</b>	
Other Non-Operating Cash Disbursements	<u>378,373</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>378,373</u>
<i>Excess of Non-Operating Receipts Over (Under) Non-Operating Disbursements</i>	2,746
<i>Fund Cash Balances, January 1</i>	<u>20,809</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$23,555</u></u>

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$41,394	\$62,885	\$0	\$104,279
Municipal Income Tax	420,951			420,951
Intergovernmental	25,941	64,385		90,326
Charges for Services	12,441	91,108		103,549
Fines, Licenses and Permits	385,493	41,621		427,114
Miscellaneous	14,200	0		14,200
<i>Total Cash Receipts</i>	<u>900,420</u>	<u>259,999</u>	<u>0</u>	<u>1,160,419</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	335,846	74,264		410,110
Leisure Time Activities	4,968			4,968
Basic Utility Services		82,345		82,345
Transportation		65,601		65,601
General Government	564,453	42,684		607,137
Capital Outlay			2,302	2,302
Debt Service:				
Principal Retirement	20,378	6,411		26,789
Interest and Fiscal Charges	1,784	1,516		3,300
<i>Total Cash Disbursements</i>	<u>927,429</u>	<u>272,821</u>	<u>2,302</u>	<u>1,202,552</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,009)</u>	<u>(12,822)</u>	<u>(2,302)</u>	<u>(42,133)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	6,170			6,170
<i>Total Other Financing Receipts (Disbursements)</i>	<u>6,170</u>	<u>0</u>	<u>0</u>	<u>6,170</u>
<i>Net Change in Fund Cash Balances</i>	<u>(20,839)</u>	<u>(12,822)</u>	<u>(2,302)</u>	<u>(35,963)</u>
<i>Fund Cash Balances, January 1</i>	<u>205,922</u>	<u>215,797</u>	<u>2,302</u>	<u>424,021</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	202,975	0	202,975
Assigned	5,191	0	0	5,191
Unassigned (Deficit)	179,892	0	0	179,892
<i>Fund Cash Balances, December 31</i>	<u>\$185,083</u>	<u>\$202,975</u>	<u>\$0</u>	<u>\$388,058</u>

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

VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Agency</u>
<b>Non-Operating Receipts</b>	
Other Non-Operating Cash Receipts	<u>\$493,846</u>
<i>Total Non-Operating Receipts</i>	<u>493,846</u>
<b>Non-Operating Disbursements</b>	
Other Non-Operating Cash Disbursements	<u>555,041</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>555,041</u>
<i>Excess of Non-Operating Receipts Over (Under) Non-Operating Disbursements</i>	(61,195)
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>82,004</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$20,809</u></u>

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 Arlington Heights, Hamilton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides administration of water and sewer utilities, waste trash removal, park operations, maintenance of Village roads and bridges, and police services.

The Village contracts with the City of Reading to receive fire protection and emergency medical services.

The Village participates in the Ohio Municipal Joint Self Insurance Pool public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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**

The Village's funds are maintained in checking accounts. The Village does not have any investments.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Waste Fund – This fund receives revenue from waste/trash collections for payment of contracted service and maintenance of equipment and certain Service Department salary expenses.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Capital Fund – This fund maintains a balance which consists of monies transferred to the fund for the purpose of capital expenditures.

**4. Fiduciary Fund**

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.

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.

Mayor's Court Fund – This fund accounts for fines and court costs that are received and disbursed related to the Village's Mayor's Court operations.

**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. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (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 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 2013 and 2012 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.

**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.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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.

**H. 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.

**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:

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$435,842</u>	<u>\$408,867</u>
Total deposits and investments	<u><u>\$435,842</u></u>	<u><u>\$408,867</u></u>

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$851,563	\$851,563	\$0
Special Revenue	296,773	304,488	7,715
Capital Projects	34,250	34,250	0
Total	\$1,182,586	\$1,190,301	\$7,715

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$906,626	\$840,407	\$66,219
Special Revenue	312,046	293,406	18,640
Capital Projects	34,250	34,250	0
Total	\$1,252,922	\$1,168,063	\$84,859

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$838,362	\$906,590	\$68,228
Special Revenue	244,298	259,999	15,701
Total	\$1,082,660	\$1,166,589	\$83,929

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,031,627	\$932,620	\$99,007
Special Revenue	393,086	272,821	120,265
Capital Projects	2,302	2,302	0
Total	\$1,427,015	\$1,207,743	\$219,272

**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.

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

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. Property Tax (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. Local Income Tax**

The Village levies a municipal income tax of 2.1 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. The funds collected under the provisions of the Village income tax ordinance are credited to the General Fund per Chapter 37.14 of the Village income tax ordinance.

The Village contracts with the Regional Income Tax Agency (RITA) for services related to the collection of Village income taxes.

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.

**6. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
2011 Police Car Loan	\$14,646	5.45
Total	\$14,646	

The 2011 Police Car Loan was obtained for the purpose of purchasing a police car. The commercial loan principal and interest will be repaid in annual payments over five years.

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

	Police Car Loan
Year ending December 31:	
2014	\$7,927
2015	7,927
Total	\$15,854

**7. Retirement Systems**

The Village's Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of police members' wages. For 2013 and 2012, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**8. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2013, retention levels are \$100,000 and \$175,000 for property and casualty coverage, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$ 833,561	\$ 1,097,683
Liabilities	<u>(782,525)</u>	<u>(791,222)</u>
Accumulated Surplus	<u>\$ 51,036</u>	<u>\$ 306,461</u>

VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)

9. Fund Balance Restatement – Fiduciary Fund Type

Prior to 2012, the Village did not reflect the carrying value of monies held in the Mayor's Court Bond account on the financial statements. The Village chose to include the carrying value of the Bond account as part of the Agency Fund cash balance as of January 1, 2012 as noted below.

	<u>Agency</u>
December 31, 2011 Fund Cash Balance	\$78,814
Restatement to Include Bond Account Balance	3,190
January 1, 2012 Fund Cash Balance, Restated	<u><u>\$82,004</u></u>



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Arlington Heights  
Hamilton County  
601 Elliott Avenue  
Arlington Heights, Ohio 45215

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Arlington Heights, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2015.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 2, 2015

VILLAGE OF ARLINGTON HEIGHTS  
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 and 2010

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>
2011-01	Mayor's Court records were in disarray.	Corrected	

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# Dave Yost • Auditor of State

**VILLAGE OF ARLINGTON HEIGHTS**

**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  
MARCH 17, 2015**