

Village of Amberley

Hamilton County

January 1, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



**Caudill & Associates, CPA**

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Amberley, Hamilton County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 29, 2012

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VILLAGE OF AMBERLEY  
HAMILTON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

Village of Amberley  
Hamilton County  
7149 Ridge Road  
Amberley, Ohio 45237

To the Village Council

We have audited the accompanying financial statements of the Village of Amberley, Hamilton County, (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. 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 Governments 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 flows of its proprietary funds for the years then ended.

Members of the Council  
Village of Amberley  
Independent Auditor's Report

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 Amberley, Hamilton County, 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 2011 the Village of Amberley 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 August 31, 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.

*Caudill & Associates, CPA*

Caudill & Associates, CPA

August 31, 2012



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, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b><u>Cash Receipts:</u></b>					
Property and Other Taxes	\$ 1,042,565	\$ 54,882	\$ -	\$ -	\$ 1,097,447
Municipal Income Taxes	2,225,364	-	-	-	2,225,364
Intergovernmental Receipts	710,031	187,919	-	-	897,950
Charges for Services	150,866	20,460	-	-	171,326
Fines Licenses & Permits	212,108	25,330	-	-	237,438
Earnings on Investments	32,318	-	-	-	32,318
Miscellaneous	76,806	5,460	-	23,000	105,266
Total Cash Receipts	<u>4,450,058</u>	<u>294,051</u>	<u>-</u>	<u>23,000</u>	<u>4,767,109</u>
<b><u>Cash Disbursements:</u></b>					
Security of Persons and Property	2,753,677	60,508	-	-	2,814,185
Public Health Services	120,470	-	-	-	120,470
Leisure Time Activities	4,044	-	-	-	4,044
Community Environment	19,546	-	-	-	19,546
Basic Utility Services	211,397	-	-	-	211,397
Transportation	782,052	5,602	-	-	787,654
General Government	1,040,166	91,402	-	-	1,131,568
Capital Outlay	24,509	1,627	-	63,814	89,950
Debt Services:					
Principal Payment	-	-	-	6,220,000	6,220,000
Interest and Fiscal Charges	-	-	-	85,537	85,537
Total Cash Disbursements	<u>4,955,861</u>	<u>159,139</u>	<u>-</u>	<u>6,369,351</u>	<u>11,484,351</u>
Total Receipts Over (Under) Disbursements	<u>(505,803)</u>	<u>134,912</u>	<u>-</u>	<u>(6,346,351)</u>	<u>(6,717,242)</u>
<b><u>Other Financing Receipts (Disbursements):</u></b>					
Other Debt Proceeds	-	-	-	6,221,762	6,221,762
Transfers-In	-	150,000	-	46,000	196,000
Transfers-Out	(196,000)	-	-	-	(196,000)
Total Other Financing Receipts (Disbursements)	<u>(196,000)</u>	<u>150,000</u>	<u>-</u>	<u>6,267,762</u>	<u>6,221,762</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	(701,803)	284,912	-	(78,589)	(495,480)
Fund Cash Balance, January 1	<u>3,905,139</u>	<u>650,803</u>	<u>160</u>	<u>280,852</u>	<u>4,836,954</u>
<b><u>Fund Cash Balances, December 31</u></b>					
Restricted	-	935,715	-	202,263	1,137,978
Assigned	-	-	160	-	160
Unassigned	<u>3,203,336</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,203,336</u>
Fund Cash Balance, December 31	<u>\$ 3,203,336</u>	<u>\$ 935,715</u>	<u>\$ 160</u>	<u>202,263</u>	<u>\$ 4,341,474</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, 2011**

	<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	\$ 399,818	\$ -	\$ 399,818
Miscellaneous	-	-	-
Total Operating Cash Receipts	<u>399,818</u>	<u>-</u>	<u>399,818</u>
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	33,639	-	33,639
Contractual Services	18,122	-	18,122
Supplies and Materials	46,869	-	46,869
Total Operating Cash Disbursements	<u>98,630</u>	<u>-</u>	<u>98,630</u>
Operating Income / (Loss)	<u>301,188</u>	<u>-</u>	<u>301,188</u>
<b><u>Non-Operating Cash Receipts:</u></b>			
Other Non Operating Cash Receipts	-	55,796	67,938
Total Non-Operating Cash Receipts	<u>-</u>	<u>55,796</u>	<u>67,938</u>
<b><u>Non-Operating Cash Disbursements:</u></b>			
Capital Outlay	(79,321)	-	(79,321)
Other Non operating Cash Disbursements	-	(54,571)	(54,571)
Total Non-Operating Cash Disbursements	<u>(79,321)</u>	<u>(54,571)</u>	<u>(133,892)</u>
Net Receipts Over/(Under) Disbursements	221,867	1,225	223,092
Fund Cash Balances, January 1	<u>235,611</u>	<u>35,865</u>	<u>271,476</u>
Fund Cash Balances, December 31	<u>\$ 457,478</u>	<u>\$ 37,090</u>	<u>\$ 494,568</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, 2010**

	<u>Governmental Fund Types</u>				Totals
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
<b><u>Cash Receipts:</u></b>					
Property and Other Taxes	\$ 1,085,045	\$ 55,473	\$ -	\$ -	\$ 1,140,518
Municipal Income Taxes	2,471,961	-	-	-	2,471,961
Intergovernmental Receipts	561,308	189,552	-	-	750,860
Charges for Services	5,180	5,367	-	-	10,547
Fines Licenses & Permits	208,263	7,593	-	-	215,856
Earnings on Investments	63,983	-	-	-	63,983
Miscellaneous	17,540	-	-	-	17,540
<b>Total Cash Receipts</b>	<b>4,413,280</b>	<b>257,985</b>	<b>-</b>	<b>-</b>	<b>4,671,265</b>
<b><u>Cash Disbursements:</u></b>					
Security of Persons and Property	2,826,835	54,644	-	-	2,881,479
Public Health Services	110,184	-	-	-	110,184
Leisure Time Activities	10,578	-	-	-	10,578
Community Environment	36,645	-	-	-	36,645
Basic Utility Services	188,791	-	-	-	188,791
Transportation	826,163	-	-	-	826,163
General Government	1,354,373	-	-	-	1,354,373
Capital Outlay	-	102,219	-	3,305	105,524
Debt Service					
Principal	-	-	-	6,220,000	6,220,000
Interest and Fiscal Charges	-	-	-	93,041	93,041
<b>Total Cash Disbursements</b>	<b>5,353,569</b>	<b>156,863</b>	<b>-</b>	<b>6,316,346</b>	<b>11,826,778</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>(940,289)</b>	<b>101,122</b>	<b>-</b>	<b>(6,316,346)</b>	<b>(7,155,513)</b>
<b><u>Other Financing Receipts (Disbursements):</u></b>					
Sale of Bonds	-	-	-	6,224,934	6,224,934
Transfers-In	-	13,126	-	45,000	58,126
Transfers-Out	(58,126)	-	-	-	(58,126)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(58,126)</b>	<b>13,126</b>	<b>-</b>	<b>6,269,934</b>	<b>6,224,934</b>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	(998,415)	114,248	-	(46,412)	(930,579)
<b>Fund Cash Balance, January 1</b>	<b>4,903,554</b>	<b>536,555</b>	<b>160</b>	<b>327,264</b>	<b>5,767,533</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 3,905,139</b>	<b>\$ 650,803</b>	<b>\$ 160</b>	<b>280,852</b>	<b>\$ 4,836,954</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 709,396</b>	<b>\$ 243,626</b>	<b>\$ -</b>	<b>\$ 192,559</b>	<b>\$ 1,145,581</b>

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, 2010**

	<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	\$ 321,616	\$ -	\$ 321,616
Earnings on Investments	-	-	-
Total Operating Cash Receipts	<u>321,616</u>	<u>-</u>	<u>321,616</u>
<b><u>Operating Cash Disbursements:</u></b>			
Personal Services	20,224	-	20,224
Supplies and Materials	98,938	-	98,938
Capital Outlay	450,012	-	450,012
Total Operating Cash Disbursements	<u>569,174</u>	<u>-</u>	<u>569,174</u>
Operating Income / (Loss)	<u>(247,558)</u>	<u>-</u>	<u>(247,558)</u>
<b><u>Non-Operating Cash Receipts:</u></b>			
Other Non operating receipts	-	67,938	67,938
Total Non-Operating Cash Receipts	<u>-</u>	<u>67,938</u>	<u>67,938</u>
<b><u>Non-Operating Cash Disbursements:</u></b>			
Other Non operating disbursements	-	(68,036)	(68,036)
Total Non-Operating Cash Disbursements	<u>-</u>	<u>(68,036)</u>	<u>(68,036)</u>
Net Receipts Over/(Under) Disbursements	(247,558)	(98)	(247,656)
Fund Cash Balances, January 1	<u>483,169</u>	<u>35,963</u>	<u>519,132</u>
Fund Cash Balances, December 31	<u>\$ 235,611</u>	<u>\$ 35,865</u>	<u>\$ 271,476</u>
Reserve for Encumbrances, December 31	<u>\$ 91,759</u>	<u>\$ -</u>	<u>\$ 91,759</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, 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 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, 2011 AND 2010**

**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. 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:

Public Lands Fund – This fund receives monies from Bonds and Notes for construction and repair of public land.

**4. 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.

**5. 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.

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.

VILLAGE OF AMBERLEY  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

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

**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 2011 and 2010 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.

**H. Fund Balance**

For December 31, 2011, 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 AMBERLEY  
HAMILTON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**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:

	2011	2010
Demand deposits	\$ 4,213,559	\$ 3,946,166
Total Deposits	4,213,559	3,946,166
US Treasury Notes and Bonds	622,483	959,906
STAR OHIO	-	202,358
Total Investments	622,483	1,162,264
Total deposits and investments	\$ 4,836,042	\$ 5,108,430



**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**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, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,265,713	\$ 4,450,058	\$ 184,345
Special Revenue	388,000	444,051	56,051
Capital Projects	6,316,761	6,290,762	(25,999)
Enterprise Fund	325,000	399,818	74,818
Total	\$ 11,295,474	\$ 11,584,689	\$ 289,215

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,661,570	\$ 5,151,861	\$ 509,709
Special Revenue	284,960	159,139	125,821
Capital Projects	6,374,500	6,369,351	5,149
Enterprise Fund	450,000	177,951	272,049
Total	\$ 12,771,030	\$ 11,858,302	\$ 912,728

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,228,462	\$ 4,413,280	\$ 184,818
Special Revenue	273,597	271,111	(2,486)
Capital Projects	312,000	6,269,934	5,957,934
Enterprise Fund	325,000	321,616	(3,384)
Total	\$ 5,139,059	\$ 11,275,941	\$ 6,136,882

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

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

**BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,883,479	\$ 6,121,091	\$ (237,612)
Special Revenue	422,237	400,489	21,748
Capital Projects	6,866,789	6,508,905	357,884
Enterprise Fund	663,752	660,933	2,819
Total	\$ 13,836,257	\$ 13,691,418	\$ 144,839

**4. NON COMPLIANCE**

1. Contrary to the Ohio Rev. Code Section 5705.41 (B), the Village made disbursements in excess of appropriations in the General Fund in 2010 and the Street Construction and Public Facilities Fund in 2010.
2. Contrary to the Ohio Rev. Code Section 5705.36, in 2010, the Village made appropriations in excess of what was available for appropriation for the Law Enforcement Trust Fund and the Public Lands Fund.
3. Contrary to the Ohio Rev. Code Section 5705.39, the Village made appropriation in excess of available resources in the Public Lands Fund.

**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.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

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

**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 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.

**7. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond Anticipation Note – 2011	\$ 6,220,000	1.375%
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 2011, the Village secured a Bond Anticipation Note, in the amount of \$6,220,000 and paid the interest and principal of the 2010 Bond Anticipation Note, thus capitalizing interest, in anticipation of securing a long term bond in either fiscal year 2012 or 2013. The bond anticipation bond matures October 4, 2012. The bond can be renewed or refinanced through December 2013 without paying any amounts towards the principal reduction of the note. The Village Management anticipates renewing the Bond Anticipation note in 2012 and refinance to a long term bond either in 2012 or 2013.

Amortization of the above debt follows:

<u>Year ending December 31:</u>	<u>Judgment Bond Anticipation Note Principal</u>	<u>Interest</u>
2011	\$ 6,220,000	\$ 85,525

**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 2011 and 2010, OP & F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. 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 AMBERLEY  
HAMILTON COUNTY**

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

**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. CHANGE IN ACCOUNTING PRINCIPLES**

For 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on actual fund balances.

**11. MISCELLANEOUS REVENUE**

In 2011, the Village received \$23,000 from a settlement for property damage. The village recorded these funds in the Public Facilities Fund so that the revenues can be used for repairs to the Village Hall.



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### **Independent Auditor's 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***

Village of Amberly  
Hamilton County  
7149 Ridge Road  
Cincinnati, Ohio 45237

To the Village Council:

We have audited the financial statements of the Village of Amberly, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 31, 2012, wherein we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. The Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

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, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

Village of Amberly  
Hamilton County

Independent Auditor's 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 (Continued)

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 findings 2011-04 through 2011-05 described in the accompanying schedule of findings and responses to be material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2011-001 through 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 31, 2012.

The Village's response to the finding identified in our audit is 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.

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

*Caudill & Associates, CPA*

Caudill & Associates, CPA

August 31, 2012

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2011 AND 2010**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**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 2010, expenditures exceeded appropriations in the General Fund.

In 2011, expenditures exceeded appropriations in the Street Construction Fund and the Public Facilities 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:**

Both the Village Manager and Finance Administrator for Amberley Village retired in June 2011. For the most part procedures that were in place while they were here were followed for most of 2011. This included a practice of doing an appropriations ordinance at the end of the year to take care of any expenditure in excess of appropriations. As the new Manager and Administrator became acclimated to Village finances, changes were initiated. Beginning with the 2012 budget process, procedures have been put in place to ensure that expenditures do not exceed appropriations in any fund.

**FINDING NUMBER 2011-002**

**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 2010, the Law Enforcement Trust and Public Lands Funds 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, 2011 AND 2010**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-002 (Cont'd)**

**Village Response:**

This oversight was corrected with the 2011 certificates and the Village will continue to be diligent in keeping our certificates accurate with frequent reviews and the use of timely filing of amended certificates.

**FINDING NUMBER 2011-003**

**Noncompliance Citation – Ohio Rev. Code Section 5705.39**

The Ohio Revised Code Section 5705.39 states total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Contrary to this requirement, in 2010, appropriations for the Public Lands Fund exceeded total estimated revenue.

The Village should monitor the budgetary financial reports throughout the year and amend its budgeted resources and appropriations, as needed by resolution.

**Village Response:**

This situation was addressed and rectified in 2011. The Village will continue to be diligent in using the proper procedures to ensure that appropriations do not exceed estimated resources by utilizing frequent reviews of appropriations and resources.

**FINDING NUMBER 2011-004**

**Material Weakness – Failure to properly post receipts and disbursements, Mayor’s Court Activities 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 2011 and 2010, there were numerous errors in the posting of receipts and disbursements including, but not limited to, improper account coding. As well, the Village did not record the activities of the Mayor’s Court to the Agency Fund. Finally, 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.



**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2011 AND 2010**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-004 (Continued)**

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.

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 Village has noted the instances cited by the auditors and has already corrected these errors so that receipts and disbursements are posted correctly in the current and any subsequent audit cycles. The Village has requested guidance from the State Auditor's office in understanding what needs to be done to fully rectify this issue. In the spring of 2013 the Village will adopt the AOS preferred software and the Finance Administrator will undergo intensive training that should ensure a clearer understanding of correct posting of receipts and disbursements.

**FINDING NUMBER 2011-005**

**Material Weakness - Budgetary Information Within Accounting System**

Proper classification of budgeted receipts and disbursements is pertinent to a properly functioning control environment. Officials of the Village rely on information recorded within the system to make spending and budgeting decisions. Several instances were identified from both years of the audit period where budgetary allocations recorded within the accounting system were not in agreement with the Board-approved documents. We recommend the Village review budgeting and accounting processes and implement the appropriate steps to ensure that budgeted information included within the accounting system is in agreement with formal approved documents.

**Village Response:**

Unfortunately, there was only a period of weeks between the announcement of the Finance Administrator's retirement and her leaving. While assistance was sought, in many cases forms were filled by referring to prior year documents. With conferences and seminars offered by the OAS as well as clarification by the auditors, this situation should be rectified. The Village will work diligently in the upcoming audit period to attain additional knowledge to assure this situation is corrected.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

*Schedule of Prior Audit Findings  
For the Fiscal Years Ended December 31, 2011 and 2010*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	Non-compliance with 5705.414(B)	No	Reissued as Finding 2011-001
2009-002	Non-Compliance with 5705.36(A)	No	Reissued as Finding 2011-002
2009-003	Expenditure Reduction	Yes	Finding no longer Valid
2009-004	Posting of receipts and disbursements and financial reconciliation	No	Reissued as Finding 2011-003



# Dave Yost • 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  
DECEMBER 13, 2012