

VILLAGE OF AMBERLEY
HAMILTON COUNTY

REGULAR AUDIT

January 1, 2006 through December 31, 2007

Years Audited Under GAGAS: 2006 and 2007

CAUDILL & ASSOCIATES CPA's
725 5th Street
Portsmouth, OH 45662



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, 2006 through December 31, 2007. 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

November 7, 2008

This Page is Intentionally Left Blank.

VILLAGE OF AMBERLEY
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2007.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund and Fiduciary Fund Types – For the Year Ended December 31, 2007.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Type – For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund and Fiduciary Fund Types – For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements.....	7
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	14
Schedule of Findings & Responses	16
Schedule of Prior Audit Findings	23

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

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, 2007 and 2006. 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, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2007 and 2006. 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, 2007 and 2006, 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, 2007 and 2006, 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, 2007 and 2006, 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 aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 July 31, 2008, 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

July 31, 2008

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEARS ENDED DECEMBER 31, 2007**

	Governmental Funds Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Taxes	\$ 1,248,635	\$ 53,081	\$ -	\$ -	\$ 1,301,716
Municipal Income Taxes	2,320,528	-	-	-	2,320,528
Intergovernmental Receipts	3,738,376	190,054	-	-	3,928,430
Charges for Services	28,398	-	-	-	28,398
Earnings on Investment	367,641	-	-	-	367,641
Fines Licences & Permit	199,351	7,722	-	-	207,073
Miscellaneous	20,019	-	-	43,575	63,594
Total Cash Receipts	7,922,948	250,857	-	43,575	8,217,380
Cash Disbursements					
Current:					
Security of Persons and Property	2,578,157	14,105	-	-	2,592,262
Public Health Services	79,438	-	-	-	79,438
Leisure Time Activities	2,948	-	-	-	2,948
Community Environment	34,575	-	-	-	34,575
Basic Utility Services	178,700	-	-	-	178,700
Transportation	1,229,048	39,430	-	-	1,268,478
General Government	1,284,288	659	-	-	1,284,947
Capital Outlay	-	-	-	32,069	32,069
Debt Services:					
Principal Payments	-	-	460,000	-	460,000
Interest Payments	-	-	40,660	-	40,660
Total Cash Disbursements	5,387,154	54,194	500,660	32,069	5,974,077
Total Receipts Over (Under) Disbursements	2,535,794	196,663	(500,660)	11,506	2,243,303
Fund Cash Balance, January 1	4,485,832	597,756	500,700	150,066	5,734,354
Fund Cash Balance, December 31	<u>\$ 7,021,626</u>	<u>\$ 794,419</u>	<u>\$ 40</u>	<u>\$ 161,572</u>	<u>\$ 7,977,657</u>
Reserve for Encumbrances, December 31	<u>\$ 234,450</u>	<u>\$ 235,000</u>	<u>\$ -</u>	<u>\$ 176,165</u>	<u>\$ 645,615</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, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts</u>			
Charges for Services	\$ 325,916	\$ -	\$ 325,916
Total Operating Cash Receipts	<u>325,916</u>	<u>-</u>	<u>325,916</u>
<u>Operating Cash Disbursements</u>			
Personal Services	47,336	-	47,336
Contractual Services	464,995	-	464,995
Supplies and Materials	57,501	-	57,501
Total Operating Cash Disbursements	<u>569,832</u>	<u>-</u>	<u>569,832</u>
Operating Income	<u>(243,916)</u>	<u>-</u>	<u>(243,916)</u>
<u>Non-Operating Cash Receipts</u>			
Other Non-Operating Receipts	-	49,076	49,076
Total Non-Operating Cash Receipts	<u>-</u>	<u>49,076</u>	<u>49,076</u>
<u>Non-Operating Cash Disbursements:</u>			
Other Non-operating Cash Disbursements	-	(47,839)	-
Total Non-Operating Cash Disbursements	<u>-</u>	<u>(47,839)</u>	<u>-</u>
Excess of Cash Receipts and Non-operating Receipts Over/ (Under) Disbursements and Non-operating Disbursements	(243,916)	1,237	(194,840)
Fund Cash Balances, January 1	<u>738,371</u>	<u>32,807</u>	<u>771,178</u>
Fund Cash Balances, December 31	<u>\$ 494,455</u>	<u>\$ 34,044</u>	<u>\$ 528,499</u>
Reserve for Encumbrances, December 31	<u>\$ 501,268</u>	<u>\$ -</u>	<u>\$ -</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 YEARS ENDED DECEMBER 31, 2006**

	<u>Governmental Funds Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Cash Receipts</u>					
Property and Other Taxes	\$ 1,251,597	\$ 55,582	\$ -	\$ -	\$ 1,307,179
Municipal Income Taxes	2,427,700	-	-	-	2,427,700
Intergovernmental Receipts	1,099,272	191,945	-	-	1,291,217
Charges for Services	23,447	-	-	-	23,447
Earnings on Investment	259,216	-	-	-	259,216
Fines Licences & Permit	200,162	6,781	-	-	206,943
Miscellaneous	22,443	-	-	-	22,443
Total Cash Receipts	5,283,837	254,308	-	-	5,538,145
<u>Cash Disbursements</u>					
Current:					
Security of Persons and Property	2,517,008	12,209	-	-	2,529,217
Public Health Services	70,000	-	-	-	70,000
Leisure Time Activities	2,760	-	-	-	2,760
Community Environment	38,587	-	-	-	38,587
Basic Utility Services	174,454	-	-	-	174,454
Transportation	795,115	97,906	-	-	893,021
General Government	1,194,071	-	-	349	1,194,420
Capital Outlay	14,633	-	-	435,026	449,659
Debt Service:					
Principal Payments	-	-	440,000	-	440,000
Interest Payments	-	-	60,460	-	60,460
Total Cash Disbursements	4,806,628	110,115	500,460	435,375	5,852,578
Total Receipts Over (Under) Disbursements	477,209	144,193	(500,460)	(435,375)	(314,433)
<u>Other Financing Receipts (Disbursements)</u>					
Transfers In	-	-	500,700	250,000	750,700
Transfers Out	(750,700)	-	-	-	(750,700)
Total Other Financing Receipts (Disbursements)	(750,700)	-	500,700	250,000	-
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements					
	(273,491)	144,193	240	(185,375)	(314,433)
Fund Cash Balance, January 1 (Restated)	4,759,323	453,563	500,460	335,441	6,048,787
Fund Cash Balance, December 31	<u>\$ 4,485,832</u>	<u>\$ 597,756</u>	<u>\$ 500,700</u>	<u>\$150,066</u>	<u>\$ 5,734,354</u>
Reserve for Encumbrances, December 31	<u>\$ 442,469</u>	<u>\$ 192,116</u>	<u>\$ -</u>	<u>\$ 43,586</u>	<u>\$ 678,171</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, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts</u>			
Charges for Services	\$ 319,130	\$ -	\$ 319,130
Total Operating Cash Receipts	<u>319,130</u>	<u>-</u>	<u>319,130</u>
<u>Operating Cash Disbursements</u>			
Contractual Services	339,692	-	339,692
Supplies and Materials	35,072	-	35,072
Total Operating Cash Disbursements	<u>374,764</u>	<u>-</u>	<u>374,764</u>
Operating Income	<u>(55,634)</u>	<u>-</u>	<u>(55,634)</u>
<u>Non-Operating Cash Receipts</u>			
Other Non-Operating Receipts	414,093	48,959	463,052
Total Non-Operating Cash Receipts	<u>414,093</u>	<u>48,959</u>	<u>463,052</u>
<u>Non-Operating Cash Disbursements:</u>			
Other Non-operating Cash Disbursements	-	(48,900)	-
Total Non-Operating Cash Disbursements	<u>-</u>	<u>(48,900)</u>	<u>-</u>
Excess of Cash Receipts and Non-operating Receipts Over/ (Under) Disbursements and Non-operating Disbursements	358,459	59	407,418
Fund Cash Balances, January 1	<u>379,912</u>	<u>32,748</u>	<u>412,660</u>
Fund Cash Balances, December 31	<u>\$ 738,371</u>	<u>\$ 32,807</u>	<u>\$ 771,178</u>
Reserve for Encumbrances, December 31	<u>\$ 727,954</u>	<u>\$ -</u>	<u>\$ -</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, 2007 AND 2006**

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, 2007 AND 2006**

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 (Trust and Agency Funds)

These funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a non expendable trust fund. Other trust funds are classified as expendable funds for which the Village is acting in an agency capacity are classified as agency funds.

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fiduciary Funds (Trust and Agency 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 2007 and 2006 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, 2007 AND 2006**

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:

	2007	2006
Demand deposits	\$ 1,634,591	\$ 1,407,204
Total Deposits	1,634,591	1,407,204
US Treasury Notes and Bonds	6,469,207	4,695,970
STAR OHIO	402,358	402,358
Total Investments	6,871,565	5,098,328
Total deposits and investments	\$ 8,506,156	\$ 6,505,532

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, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,305,219	\$ 7,922,948	\$ 3,617,729
Special Revenue	243,510	250,857	7,347
Debt Service	-	-	-
Capital Projects	-	43,575	43,575
Enterprise Fund	325,000	325,916	916
Fiduciary Fund	49,076	49,076	-
Total	\$ 4,922,805	\$ 8,592,372	\$ 3,669,567

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation		Variance
	Authority (1)	Budgetary Expenditures (2)	
General	\$ 6,067,023	\$ 5,621,604	\$ 445,419
Special Revenue	430,616	299,740	130,876
Debt Service	500,660	500,660	-
Capital Projects	212,086	208,234	3,852
Enterprise Fund	1,065,377	1,071,100	(5,723)
Fiduciary Fund	49,000	47,839	1,161
Total	<u>\$ 8,324,762</u>	<u>\$ 7,749,177</u>	<u>\$ 575,585</u>

(1) Includes prior year encumbrances that did not need reappropriated.

(2) Includes current year encumbrances

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,054,847	\$ 5,283,837	\$ 1,228,990
Special Revenue	208,306	254,308	46,002
Debt Service	-	500,700	500,700
Capital Projects	-	250,000	250,000
Enterprise Fund	324,000	733,223	409,223
Fiduciary Fund	48,959	48,959	-
Total	<u>\$ 4,636,112</u>	<u>\$ 7,071,027</u>	<u>\$ 2,434,915</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation		Variance
	Authority (1)	Budgetary Expenditures (2)	
General	\$ 5,782,546	\$ 5,999,787	\$ (217,241)
Special Revenue	403,263	302,231	101,032
Debt Service	500,460	500,460	-
Capital Projects	633,696	478,961	154,735
Enterprise Fund	1,174,876	1,102,718	72,158
Fiduciary Fund	48,900	48,900	-
Total	<u>\$ 8,543,741</u>	<u>\$ 8,433,057</u>	<u>\$ 110,684</u>

(1) Includes prior year encumbrances that need not reappropriated.

(2) Includes current year encumbrances

4. NON COMPLIANCE

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 2006 and 2007

Contrary to the Ohio Rev. Code Section 5705.39, the Village made appropriations in excess of the total estimated resources available for appropriation for several funds in 2006 and 2007

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

4. NON COMPLIANCE (Continued)

Contrary to the Ohio Rev. Code Section 5705.41 (B), the Village made disbursements in excess of appropriations for several funds in 2006 and 2007

Contrary to the Ohio Rev. Code Section 5705.14, .15, .16, The Village made a transfer from the Police Expendable Trust Fund to the General Fund in 2006 without the approval of the court of common pleas and the tax commissioner.

Contrary to the Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds prior to obligations for several expenditures in 2006 and 2007.

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, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Improvement Bonds – 1998	\$ 480,000	4.75%
Total	<u>\$ 480,000</u>	

The 1998 Municipal Improvement Bonds relate to the construction of the present Village Hall. The bond is collateralized by the faith, credit and revenue of the Village.

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

7. DEBT (Continued)

Amortization of the above debt follows:

<u>Year ending December 31:</u>	<u>Municipal Improvement Bonds Principal</u>	<u>Interest</u>
2008	\$ 480,000	\$ 20,880

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 2007 and 2006, OP & F participant contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of the police participant wages. OPERS members contributed 9.5 and 9.0 percent of their wages, respectively. The Village contributed an amount equal to 13.85 and 13.70 percent of participant gross salaries, for each year, respectively. The Village has paid all contributions required through December 31, 2007.

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. RESTATEMENT OF PRIOR YEAR FUND BALANCES.

The Village had previously recorded its Police Expendable Trust Fund under the Fiduciary Fund Type. Beginning in 2006, Auditor of State Bulletin 2005-005 now requires entities to reclassify permanent funds for which principal and or interest may be expended for the activities of the government to be reclassified as a special revenue funds. Below is the effect of the reclassification of the Police Expendable Trust Fund to the Special Revenue Fund type.

<u>Fund Type</u>	<u>12/31/2005 Ending Fund Balance</u>	<u>Fund Balance Restatement</u>	<u>1/1/2006 Beginning Fund Balance</u>
Fund Reclassification:			
Fiduciary Fund Type - Expendable Trust Fund	\$ 127,170	\$ (127,170)	\$ -
Special Revenues Fund Type	<u>326,393</u>	<u>127,170</u>	<u>453,563</u>
Total	<u>\$ 453,563</u>	<u>\$ -</u>	<u>\$ 453,563</u>

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

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

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, 2007 and 2006, and have issued our report thereon dated July 31, 2008, 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the following paragraph, we identified certain deficiencies in internal control over financial reporting that we consider to be significant.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. The results of our tests disclosed three instances of control deficiency that are required to be disclosed under *Governmental Auditing Standards*, and which are described in the accompanying schedule of findings and responses as items 2007-006, 2007-007 and 2007-008

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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*
Page 2

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiencies, described in the accompanying schedule of findings and responses as items 2007-006, 2007-007 and 2007-008, to be material weaknesses in internal controls over financial reporting.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed five instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001, 2007-002, 2007-003, 2007-004, and 2007-005.

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

July 31, 2008

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-001

Noncompliance Citation – Ohio Rev. Code Section 5705.14, 15, 16

The Ohio Revised Code Section 5705.14, 15, 16 states, “Except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution is required) [Revised Code Section 5705.14 and 5705.16]”

In addition to the transfers listed above, which Ohio Revised Code Section 5705.14 authorizes, the taxing authority of any political subdivision, with the approval of the Tax Commissioner and of the Court of Common Pleas, may transfer from one fund to another any public funds under its supervision.

Contrary to this requirement, transfers were made from the Police Expendable Trust Fund to the General Fund in 2006 without approval of the Tax Commissioner or the Court of Common Pleas.

The Village should ensure that transfers made from one fund to another adhere to the requirements set forth by the Ohio Revised Code Section 5705.14, 5705.15 and 5705.16

Village Response:

The Expendable Trust Fund was established as a result of the recommendation by the State Auditor in a previous audit. There was no mention by the State or County Auditor directing the Village to pre-authorize transfers through the Tax Commissioner or the Court of Common Pleas in the past. In fact, the Village staff discussed such transfers with the State Auditor which were made annually. Expenditures will be made in the future directly from this fund, which will eliminate the need for transfers.

FINDING NUMBER 2007-002

Noncompliance Citation – Ohio Rev. Code Section 5705.36

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 2006, the Storm Water Collection Fund had appropriations in excess of its available resources (defined as prior year unencumbered balances plus actual receipts) by \$475,834. In 2007, the Capital Project Fund had appropriations in excess of its available resources by \$72,489.

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.

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.36 (Continued)

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 Minutes.

Village Response:

Upon review of the unencumbered balance at year-end, the Village had sufficient funds to cover all expenditures and encumbrances in these funds.

Auditor’s Response:

Below is our calculation for the funds included in the above finding, which indicates appropriations in excess of available resources. The numbers used in the calculation were from the Village’s audited financial statements and from the Village’s approved certificates of estimated resources and appropriation certificates.

Fund	Beginning Cash Balances	Prior Year Encumbrance s	Unencumbe red Beginning Balances	Actual Receipts	Total Available for Appropriation s	Appropriations	Variances
	A	B	C = A-B	D	E = C+D	F	G = E - F
2007							
Capital Project Fund	139,097	43,586	95,511	-	95,511	168,000	(72,489)
2006							
Stormwater Collection Fund	379,912	296,044	83,868	319,130	402,998	878,832	(475,834)

FINDING NUMBER 2007-003

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 2006, appropriations for the Capital Projects fund and Storm water Collections Fund exceeded total estimated revenue by \$248,573 and \$470,964 respectively. In 2007, appropriations for the capital project exceeded its estimated resources by \$72,489.

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-003 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.39 (Continued)

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

Village Response:

The State of Ohio Auditor’s Office, over the years, had established a schedule for audits to occur approximately once every two years. Following the audit for years 2004-2005, which was only completed in October 2007, less than 12 months ago, the Auditor chose to “catch up” regarding their audit schedule for local governments and subsequently began the next one for years 2006-2007 only nine months later in July 2008. The net result is that the State of Ohio’s audit process and schedule for 2004-2005 was so far behind that the Village only received the results in October 2007, therefore with only 10 weeks left in the 2006-2007 period. Hence, due to the State of Ohio’s scheduling decisions, there was no possibility whatsoever for the Village to implement results from the 2004-2005 audit until the calendar/fiscal year 2008, after the conclusion of the 2006-2007 audit period. Referring to finding numbers 2005-002 and 2005-003 as being “reissued” is totally inappropriate due to the lack of consistent schedule by the State of Ohio which failed to make results of one audit available prior to the completion of the following audit period.

The Village properly appropriated these monies by action of the Village Council in 2005. These appropriations were reported as carryover encumbrances for the year 2006. The Village monitors its budgetary financial reports daily and does amend its appropriations regularly.

Auditor’s Response:

Below is our calculation for the funds included in the above finding, which indicates appropriations in excess of estimated resources. The numbers used in the calculation were from the Village’s audited financial statements and from the Village’s approved certificates of estimated resources and appropriation certificates.

<u>Fund</u>	<u>Beginning Cash Balances</u>	<u>Prior Year Encumbrance s</u>	<u>Unencumbe red Beginning Balances</u>	<u>Estimated Resources</u>	<u>Total Estimated Resources</u>	<u>Appropriations</u>	<u>Variances</u>
2007	A	B	C = A-B	D	E = C+D	F	G = E - F
Capital Project Fund	139,097	43,586	95,511	-	95,511	168,000	(72,489)
<u>2006</u>							
Stormwater Collection Fund	379,912	296,044	83,868	324,000	407,868	878,832	(470,964)

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2007-004

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 2007, expenditures exceeded appropriations in the General Fund by \$184,224. In 2006, expenditures exceeded appropriations in the Public Facility Fund by \$43,165.

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 State of Ohio Auditor’s Office, over the years, had established a schedule for audits to occur approximately once every two years. Following the audit for years 2004-2005, which was only completed in October 2007, less than 12 months ago, the Auditor chose to “catch up” regarding their audit schedule for local governments and subsequently began the next one for years 2006-2007 only nine months later in July 2008. The net result is that the State of Ohio’s audit process and schedule for 2004-2005 was so far behind that the Village only received the results in October 2007, therefore with only 10 weeks left in the 2006-2007 period. Hence, due to the State of Ohio’s scheduling decisions, there was no possibility whatsoever for the Village to implement results from the 2004-2005 audit until the calendar/fiscal year 2008, after the conclusion of the 2006-2007 audit period. Referring to finding numbers 2005-002 and 2005-003 as being “reissued” is totally inappropriate due to the lack of consistent schedule by the State of Ohio which failed to make results of one audit available prior to the completion of the following audit period.

The Village properly appropriated these monies by action of the Village Council in 2005. These appropriations were reported as carryover encumbrances for the year 2006. The Village monitors its budgetary financial reports daily and does amend its appropriations regularly.

Auditor’s Response:

Below is our calculation for the funds included in the above finding, which indicates appropriations in excess of estimated resources. The numbers used in the calculation were from the Village’s audited financial statements and from the Village’s approved certificates of estimated resources and appropriation certificates.

Fund	Appropriations	Actual Expenditures	Outstanding Encumbrances	Variances
2007	A	B	C	D = A-(B+C)
Public Facility	500	-	43,665	(43,165)
<hr/>				
2006				
General Fund	5,207,546	4,949,311	442,459	(184,224)

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-005

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D) (1)

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D) (1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not properly certify the availability of funds prior to obligation for 12 of the 67 (\$609,997) of purchases tested in 2007 and 19 of the 65 (\$1,182,390) of purchases tested in 2006.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now” certificate in instances of emergency or absence of proper authority.

Village Response:

Purchase orders are required for every Village purchase. Department heads, and their employees are reminded annually to acquire them before a purchase is made. The Village will incorporate the use of a “Then and Now” stamp in the future.

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-006

Significant Deficiency / Reportable Condition – Income Tax System Reconciliations

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and ensure that all recorded transactions have been rightfully recorded and all relevant data is up to date with other systems used in the government unit. Failure to reconcile the accounting systems on a regular basis increases the risk of undetected errors occurring, and also increases the risk of loss of misappropriation of funds without any timely detection.

The Village utilizes a separate accounting system to record all income tax data. Detailed reports are to be printed daily and reconciled to the main financial system. No reconciliations were done between the two systems.

Not adequately utilizing the system and maintaining appropriate reconciliations between the income tax system and the finance system could allow for errors or irregularities occurring without detection in the normal course of business on a timely basis and could result in misstatements of financial statements.

We recommend reconciliations between the income tax system be regularly completed and any variances be reviewed. All reports and supporting documentation should be maintained. We also recommend that analytical review be done monthly to help recognize large variances in income tax receipts and take appropriate actions.

Village Response:

During the 2006-2007 audit period, the Village had three tax administrators and a short period without a tax administrator. Therefore, during this transition period, the reconciliations were done by the Village Manager and Financial Administrator during the monthly financial review, but no separate written reconciliation report was processed.

FINDING NUMBER 2007-007

Significant Deficiency – Fund Misclassification

Per Auditor of State Bulletin 2005-05, Expendable trust funds must be reviewed for reclassification either as part of the governmental fund category or fiduciary fund category.

Further, the AOS Bulletin 2005-005 requires classifying an expendable trust fund for which the principal and the earnings may be spent for the government's own programs, as a Special Revenue Fund.

The Village failed to reclassify the Police Expendable Trust Fund for which principal and interest may be expended on the Township's own programs as a Special revenue Fund. Instead it was classified as a Private Purpose Trust Fund.

A reclassification was made to properly include the police Trust Fund into the Special Revenue Fund type

The Village should ensure that activities of the Village's own programs are reported in the Special Revenue fund and no longer reported in expendable trust Fund

**VILLAGE OF AMBERLEY
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-007 (Continued)

Significant Deficiency – Fund Misclassification (Continued)

Village Response:

The State of Ohio Auditor’s Office, over the years, had established a schedule for audits to occur approximately once every two years. Following the audit for years 2004-2005, which was only completed in October 2007, less than 12 months ago, the Auditor chose to “catch up” regarding their audit schedule for local governments and subsequently began the next one for years 2006-2007 only nine months later in July 2008. The net result is that the State of Ohio’s audit process and schedule for 2004-2005 was so far behind that the Village only received the results in October 2007, therefore with only 10 weeks left in the 2006-2007 period. Hence, due to the State of Ohio’s scheduling decisions, there was no possibility whatsoever for the Village to implement results from the 2004-2005 audit until the calendar/fiscal year 2008, after the conclusion of the 2006-2007 audit period. Referring to finding numbers 2005-002 and 2005-003, as being “reissued”, is totally inappropriate due to the lack of consistent schedule by the State of Ohio which failed to make results of one audit available prior to the completion of the following audit period.

Auditor’s Response:

Findings number 2005-002 and 2005-003 are noted in the Schedule or Prior Audit Findings on page 23 and inform the reader of the financial statements whether the prior year findings were corrected, or still outstanding and not corrected.

FINDING NUMBER 2007-008

Significant Deficiency / Material Weakness – 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 is recorded as revenue. Payments for services provided by the general fund to other funds of the village should be recorded as revenue in the general fund and as expenditure in the fund making the payment.

In 2006, we noted that there were several receipts posted as expenditure reductions that did not meet the qualifications of an expenditure reduction. As a result a total of \$414,093 was reclassified from expenditures to revenues in the Stormwater Fund.

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:

We did not receive a response from the Village’s official for this finding.

**VILLAGE OF AMBERLEY
HAMILTON CONTY**

*Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2007 and 2006*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Reconciliation of Mayor's court bank account	Yes	N/A
2005-002	Non-Compliance with 5705.41 (B)	No	Reissued as Finding # 2007-004
2005-003	Non-compliance with 5705.39	No	Reissued as Finding # 2007-003



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
NOVEMBER 20, 2008**