



Mary Taylor, CPA  
Auditor of State



VILLAGE OF AMBERLEY  
HAMILTON COUNTY

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# Mary Taylor, CPA Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 25, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Amberley, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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.

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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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position 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 of Amberley, Hamilton County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. 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 25, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

July 25, 2007



**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$927,076	\$0	\$0	\$0	\$41,031	\$968,107
Municipal Income Taxes	2,060,255	0	0	0	0	2,060,255
Intergovernmental Receipts	973,585	193,780	0	0	0	1,167,365
Charges for Services	729	0	0	0	0	729
Fines, Licenses, and Permits	196,510	6,845	0	0	0	203,355
Earnings on Investments	218,002	0	0	0	0	218,002
Miscellaneous	24,902	4,770	0	0	0	29,672
<b>Total Cash Receipts</b>	<b>4,401,059</b>	<b>205,395</b>	<b>0</b>	<b>0</b>	<b>41,031</b>	<b>4,647,485</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	2,158,852	658	0	0	0	2,159,510
Public Health Services	74,814	0	0	0	0	74,814
Leisure Time Activities	7,086	0	0	0	0	7,086
Community Environment	68,577	0	0	0	0	68,577
Basic Utility Services	181,429	0	0	0	0	181,429
Transportation	740,116	1,607	0	0	0	741,723
General Government	946,768	0	0	0	288	947,056
Debt Service:						
Principal Payments	0	0	527,673	0	0	527,673
Interest Payments	0	0	83,230	0	0	83,230
Capital Outlay	20,894	750,681	0	51,753	0	823,328
<b>Total Cash Disbursements</b>	<b>4,198,536</b>	<b>752,946</b>	<b>610,903</b>	<b>51,753</b>	<b>288</b>	<b>5,614,426</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>202,523</b>	<b>(547,551)</b>	<b>(610,903)</b>	<b>(51,753)</b>	<b>40,743</b>	<b>(966,941)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In	16,528	130,000	500,362	0	0	646,890
Transfers-Out	(630,362)	(16,528)	0	0	0	(646,890)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(613,834)</b>	<b>113,472</b>	<b>500,362</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(411,311)	(434,079)	(110,541)	(51,753)	40,743	(966,941)
Fund Cash Balances, January 1	5,170,634	760,472	611,001	387,194	86,427	7,015,728
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,759,323</u></b>	<b><u>\$326,393</u></b>	<b><u>\$500,460</u></b>	<b><u>\$335,441</u></b>	<b><u>\$127,170</u></b>	<b><u>\$6,048,787</u></b>
Reserves for Encumbrances, December 31	\$133,609	\$160,163	\$0	\$172,696	\$0	\$466,468

*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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	<u>\$324,003</u>	<u>\$0</u>	<u>\$324,003</u>
Total Operating Cash Receipts	<u>324,003</u>	<u>0</u>	<u>324,003</u>
<b>Operating Cash Disbursements:</b>			
Supplies and Materials	<u>176,940</u>	<u>0</u>	<u>\$176,940</u>
Total Operating Cash Disbursements	<u>176,940</u>	<u>0</u>	<u>176,940</u>
Operating Income	<u>147,063</u>	<u>0</u>	<u>147,063</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<u>0</u>	<u>51,553</u>	<u>\$51,553</u>
Total Non-Operating Cash Receipts	<u>0</u>	<u>51,553</u>	<u>51,553</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>0</u>	<u>53,334</u>	<u>\$53,334</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>53,334</u>	<u>53,334</u>
Net Receipts Over/(Under) Disbursements	147,063	(1,781)	145,282
Fund Cash Balances, January 1	<u>232,849</u>	<u>34,529</u>	<u>\$267,378</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$379,912</u></b>	<b><u>\$32,748</u></b>	<b><u>\$412,660</u></b>
Reserve for Encumbrances, December 31	<u>\$296,044</u>	<u>\$0</u>	<u>\$296,044</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 GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$952,323	\$0	\$0	\$0	\$42,666	\$994,989
Municipal Income Taxes	1,909,811	0	0	0	0	1,909,811
Intergovernmental Receipts	677,439	158,194	0	0	0	835,633
Charges for Services	697	0	0	0	0	697
Fines, Licenses, and Permits	183,292	340	0	0	0	183,632
Earnings on Investments	92,823	0	0	0	0	92,823
Miscellaneous	82,396	6,842	0	0	0	89,238
<b>Total Cash Receipts</b>	<b>3,898,781</b>	<b>165,376</b>	<b>0</b>	<b>0</b>	<b>42,666</b>	<b>4,106,823</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	2,002,260	0	0	0	0	2,002,260
Public Health Services	78,693	0	0	0	0	78,693
Leisure Time Activities	18,991	0	0	0	0	18,991
Community Environment	59,522	0	0	0	0	59,522
Basic Utility Services	144,124	0	0	0	0	144,124
Transportation	656,595	0	0	0	0	656,595
General Government	783,933	0	0	0	563	784,496
Debt Service:						
Principal Payments	0	0	504,153	0	0	504,153
Interest Payments	0	0	104,974	0	0	104,974
Capital Outlay	27,978	66,095	0	98,794	0	192,867
<b>Total Cash Disbursements</b>	<b>3,772,096</b>	<b>66,095</b>	<b>609,127</b>	<b>98,794</b>	<b>563</b>	<b>4,546,675</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>126,685</b>	<b>99,281</b>	<b>(609,127)</b>	<b>(98,794)</b>	<b>42,103</b>	<b>(439,852)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Other Financing Sources	0	304,103	0	0	0	304,103
Transfers-In	0	0	611,000	200,000	0	811,000
Transfers-Out	(811,000)	0	0	0	0	(811,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(811,000)</b>	<b>304,103</b>	<b>611,000</b>	<b>200,000</b>	<b>0</b>	<b>304,103</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(684,315)	403,384	1,873	101,206	42,103	(135,749)
Fund Cash Balances, January 1 ( <b>restated</b> )	5,854,949	357,088	609,128	285,988	44,324	7,151,477
<b>Fund Cash Balances, December 31</b>	<b>\$5,170,634</b>	<b>\$760,472</b>	<b>\$611,001</b>	<b>\$387,194</b>	<b>\$86,427</b>	<b>\$7,015,728</b>
Reserves for Encumbrances, December 31	\$75,021	\$474,590	\$0	\$132,500	\$0	\$682,111

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 SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Total Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	<u>\$328,089</u>	<u>\$0</u>	<u>\$328,089</u>
Total Operating Cash Receipts	<u>328,089</u>	<u>0</u>	<u>328,089</u>
<b>Operating Cash Disbursements:</b>			
Supplies and Materials	<u>95,240</u>	<u>0</u>	<u>\$95,240</u>
Total Operating Cash Disbursements	<u>95,240</u>	<u>0</u>	<u>95,240</u>
Operating Income	<u>232,849</u>	<u>0</u>	<u>232,849</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<u>0</u>	<u>54,274</u>	<u>\$54,274</u>
Total Non-Operating Cash Receipts	<u>0</u>	<u>54,274</u>	<u>54,274</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	<u>0</u>	<u>57,311</u>	<u>\$57,311</u>
Total Non-Operating Cash Disbursements	<u>0</u>	<u>57,311</u>	<u>57,311</u>
Net Receipts Over/(Under) Disbursements	232,849	(3,037)	229,812
Fund Cash Balances, January 1 <b>(restated)</b>	<u>0</u>	<u>37,566</u>	<u>\$37,566</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$232,849</b></u>	<u><b>\$34,529</b></u>	<u><b>\$267,378</b></u>
Reserve for Encumbrances, December 31	<u>\$11,261</u>	<u>\$0</u>	<u>\$11,261</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, 2005 AND 2004**

**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 six-member Council governs the Village. The Village provides security of person and property, park operations (leisure time activities), street maintenance, fire and police services.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 U.S. 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 Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

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

**3. Debt Service Fund**

These funds account for resources the Village accumulates to pay bond and note 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 Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project 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 Funds**

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

Storm water 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)**

Trust 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 nonexpendable 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. The Village had the following significant Fiduciary Funds:

Expendable Trust Fund:

Police and Fire Disability and Pension Fund – This fund receives local monies to fund the police and fire pension obligation.

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 Verizon Wireless escrow account to maintain the Valley Band radio system.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2005 and 2004 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, 2005 AND 2004  
(Continued)**

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

The Village maintains a cash and investments pool 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:

	2005	2004
Demand deposits	\$1,325,427	\$1,344,683
Certificates of deposit	0	1,000,000
Total deposits	1,325,427	2,344,683
U.S. Treasury Notes and Bonds	4,733,662	4,036,065
STAR Ohio	402,358	902,358
Total investments	5,136,020	4,938,423
Total deposits and investments	\$6,461,447	\$7,283,106

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or 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, 2005 and 2004 follows (except Agency):

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,919,488	\$4,417,587	(\$2,501,901)
Special Revenue	255,000	335,395	80,395
Debt Service	610,903	500,362	(110,541)
Capital Projects	190,000	0	(190,000)
Enterprise	315,610	324,003	8,393
Fiduciary	47,792	41,031	(6,761)
Total	\$8,338,793	\$5,618,378	(\$2,720,415)



**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,401,082	\$4,962,507	\$438,575
Special Revenue	1,404,128	929,637	474,491
Debt Service	610,903	610,903	0
Capital Projects	364,409	224,449	139,960
Enterprise	473,812	472,984	828
Fiduciary	600	288	312
Total	<u>\$8,254,934</u>	<u>\$7,200,768</u>	<u>\$1,054,166</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,966,881	\$3,898,781	(\$2,068,100)
Special Revenue	144,940	469,479	324,539
Debt Service	0	611,000	611,000
Capital Projects	0	200,000	200,000
Enterprise	332,500	328,089	(4,411)
Fiduciary	49,193	42,666	(6,527)
Total	<u>\$6,493,514</u>	<u>\$5,550,015</u>	<u>(\$943,499)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,054,766	\$4,658,117	\$2,396,649
Special Revenue	404,143	540,685	(136,542)
Debt Service	609,128	609,127	1
Capital Projects	239,073	231,294	7,779
Enterprise	224,079	106,502	117,577
Fiduciary	600	563	37
Total	<u>\$8,531,789</u>	<u>\$6,146,288</u>	<u>\$2,385,501</u>

Expenditures plus outstanding encumbrances exceeded appropriations in the Street Construction, Maintenance and Repair fund by \$146,815 at December 31, 2004. Also, expenditures exceeded appropriations in four funds at November 30, 2005.

Appropriations exceeded estimated resources in the Street Construction, Maintenance and Repair fund by \$426,738 at December 31, 2005.

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. PROPERTY TAX**

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Municipal Improvement Bonds -- 1998	\$1,380,000	4.75%
Total	\$1,380,000	

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.

Amortization of the above debt, including interest, follows:

Year ending December 31:	Municipal Improvement Bonds
2006	\$500,460
2007	500,660
2008	500,880
Total	\$1,502,000

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. DEBT (Continued)**

The Village made the final payment of the Quint Fire Truck lease-purchase during 2005. The lease had a variable payment stream resulting in the amortization schedule being rewritten twice over the life of the lease. The first rewrite was not reflected in the 2003-2002 note, and the capital lease principal outstanding at December 31, 2003 was \$201,825 rather than \$208,474.

**7. RETIREMENT SYSTEMS**

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, multiple-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 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. FUND BALANCE RESTATEMENT**

The Village had previously recorded its income tax revenues in a separate fund within the Expendable Trust Funds. The Expendable Trust Income Tax fund activity was reclassified within the General Fund. Also, the Village is fiscal agent for the Valley Band Radio Network and has a "Valley Band Escrow Account" that was not previously reported in the financial records of the Village. The fund balance and activity for this account is now reported in an agency fund.

Fund Type	12/31/03 Ending Fund Balance	Fund Balance Restatement	1/1/04 Beginning Fund Balance
<b>Fund Reclassification:</b>			
General Fund	2,645,420	3,209,529	5,854,949
Expendable Trust Fund	3,253,853	(3,209,529)	44,324
<b>Valley Band Escrow Account:</b>			
Agency Fund	2,503	35,063	37,566
Total	<u>\$5,901,776</u>	<u>\$35,063</u>	<u>\$5,936,839</u>

VILLAGE OF AMBERLEY  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)

**10. SUBSEQUENT EVENT**

A liability decision in the *State of Ohio on Relation of The Ridge Club, et al., v. Amberley Village* lawsuit was rendered against the Village in December 2006. This was a zoning lawsuit. The Village filed an appeal which remains pending in the Hamilton County Court of Appeals. At this time, it cannot be determined what financial impact, if any, this lawsuit would have on the Village should they lose the appeal.



# Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Amberley, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 25, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. In a separate letter to the Village's management dated July 25, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-002 and 2005-003. In a separate letter to the Village's management dated July 25, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 25, 2007

**VILLAGE OF AMBERLEY  
HAMILTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-001**

**Reportable Condition**

Reconciliations are an effective tool to help management determine the completeness of recorded transactions and ensure that all recorded transactions have been deposited with the financial institution. Failure to reconcile the cashbook to the bank balance increases the risk of undetected errors occurring, and increases the risk of loss or misappropriation of funds without timely detection.

A complete monthly bank reconciliation of the Mayor's Court account was not performed. Currently the checkbook balance is compared to the bank without identifying variances, open items and other reconciling items, other than outstanding checks. Failure to perform a complete monthly reconciliation increases the risk that errors or irregularities could occur and not be detected in a timely manner.

We recommend that the person designated to reconcile the Mayor's Court account prepare a complete monthly reconciliation that includes explanations and documentation for variances; open items [such as outstanding bonds]; and other reconciling items [such as interest] so that all financial transactions are reflected and errors and irregularities may be detected in a timely manner. The reconciliation should be reviewed by someone knowledgeable of the reconciliation process other than the preparer.

**Officials' Response:** We received no response from officials to this finding.

**FINDING NUMBER 2005-002**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code, § 5705.41(B)**, states that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in Chapter 5705. The Village had expenditures plus outstanding encumbrances that exceeded appropriations in the following fund at December 31:

Year	Fund	Total Appropriations	Total Expenditures & Outstanding Encumbrances	Variance
2004	200 – Street Construction, Maintenance & Repair	\$391,797	\$538,612	\$(146,815)

**FINDING NUMBER 2005-002  
(Continued)**

On an interim basis, the Village had expenditures plus outstanding encumbrances that exceeded appropriations in the following funds at November 30:

<b>Year</b>	<b>Fund</b>	<b>Total Appropriations</b>	<b>Total Expenditures &amp; Outstanding Encumbrances</b>	<b>Variance</b>
2005	200 – Street Construction, Maintenance & Repair	\$699,590	\$915,877	(\$216,287)
	210 – Mayor’s Court Computer Fund	4,500	5,739	(1,239)
	260 – Law Enforcement	500	658	(158)
	600 – Storm water Utility	326,872	462,540	(135,668)

Expending more than is appropriated increases the risk of negative fund balances and fiscal distress due to over spending. We recommend that the Village monitor budgetary activity monthly and make the necessary amendments to their official budgetary documents and system so that they reflect the actual budgetary situation, and that they operate within their budget. All amendments should be reviewed and approved by the Village Council.

**Officials’ Response**

The appropriations listed on page 14 and 15 in finding #2005-02 for the audit of Amberley Village for the years ending December 31 of 2004 and 2005, are incorrectly stated. The appropriations were adjusted in December of both years (copies enclosed of ordinances passed). This action is common by our Council, to amend appropriations at year-end, but within each calendar year. In the future, pursuant to your suggestion, we will encourage appropriation amendments throughout the year, when deemed necessary, to accommodate expenditure decisions.

The 2004 #200 fund appropriations were not adjusted higher but were actually lowered, due to payments received from Cincinnati Water Works, Cinergy (Duke), and Rumpke totaling \$704,683.18 for damage sustained and projects contracted throughout the Village, netting a negative expenditure total. The amount of expenditures, \$464,601.66 and the outstanding encumbrances, \$474,590.44, totaled \$939,182.10, for a net of \$234,508.94. The total appropriated was \$358,158.00, which clearly exceeds the total net expenses.

In 2005, the appropriations for funds #200, #210, #260, and #600 were each adjusted to accommodate the total expenditures and the outstanding encumbrances within the calendar/fiscal year. The appropriation for fund #200 was amended to \$915,878, fund #210 was amended to \$6000, fund #260 was amended to \$660, and fund #600 was amended to \$462,550. This resolves a number of the findings which you indicated in the audit report. We understand that your figures were based on the spot check for the appropriations as of November of each Village year, therefore, failing to incorporate the important amendments to the appropriations, which the Village passes each year in December.



**FINDING NUMBER 2005-002  
(Continued)**

**Auditor of State’s Analysis**

Analysis of paragraph one of the official’s response

The appropriation amounts documented in the findings are correct according to the official Village documents. The amounts were obtained directly from the ordinances of the Village and include the prior year carry over appropriation amounts from the Village’s “certificate of the total amount from all sources available for expenditures, and balances”. See below.

**As of December 31, 2004**

Year	Fund	Ordinance 2004-27 Final Current Year Appropriations	Prior Year Carry Over Appropriations	Total Appropriations to Finding 2005-002
2004	200 – Street Construction, Maintenance & Repair	\$358,158	\$33,639	\$391,797

**As of November 30, 2005**

Year	Fund	Ordinance 2004-28 Current Year Appropriations	Prior Year Carry Over Appropriations	Total Appropriations to Finding 2005-002
2005	200 – Street Construction, Maintenance & Repair	\$225,000	\$474,590	\$699,590
	210 – Mayor’s Court Computer Fund	4,500	0	4,500
	260 – Law Enforcement	500	0	500
	600 – Storm water Utility	315,610	11,262	326,872

Analysis of paragraph two of the official’s response

**As of December 31, 2004**

200 fund – Street Construction, Maintenance & Repair

Payee	Total Expenditures for the year (not including o/s encumbrances)	Total Reimbursement Receipts Received in year	Reimbursement Receipts Exceeding matching Expenditures for the year
Cincinnati Water Works	\$ 372,719.78	\$ 656,823.18	\$284,103.40
Cinergy (Duke)	88,032.96	27,860.00	0
Rumpke	**9,359.80	20,000.00	20,000.00
Total applicable to fund 200	460,752.74	704,683.18	^304,103.4

\*\* Paid out of general fund per documents provided, so fund 200 expenditures should not be reduced by this amount

^ Reimbursement receipts that do not have matching expenditures in 2004.

**FINDING NUMBER 2005-002  
 (Continued)**

The total expenditures for fund 200 as reported by the Village as of December 31, 2004 were a negative \$240,081. After fund 200 was adjusted to remove the reduction of expenditure adjustments posted by the Village that did not have matching expenditures in that year; the total expenditures in that fund were \$64,022. Adding the outstanding encumbrances [\$474,590.44] to the actual expenditures resulted in total obligations of \$538,612 for the year ending December 31, 2004 as documented in finding 2005-002.

Analysis of paragraph three of the official's response

Budgetary compliance is to be maintained throughout the year and not just at year end. Per Auditor of State Bulletin 97-010, auditors will test for compliance throughout the year. Interim budgetary testing was performed as of November 30, 2005 at which point the Village was not in compliance with Ohio Rev. Code Section 5705.41(B) for funds 200, 210, 260 and 600. The appropriation amendments approved in ordinance 2005-27 were not in affect until December 12, 2005, and therefore would not have been taken into consideration for compliance at November 30, 2005.

**FINDING NUMBER 2005-003**

**Noncompliance Citation/Reportable Condition**

**Ohio Rev. Code, § 5705.39**, provides in part that total appropriations from each fund shall not exceed the total estimated resources available for expenditures. In 2005, the following variance was identified where appropriations exceeded the total estimated resources available for expenditures at December 31.

<b>Year</b>	<b>Fund</b>	<b>Total Estimated Resources</b>	<b>Total Appropriations</b>	<b>Variance</b>
2005	200 – Street Construction, Maintenance & Repair	\$489,140	\$915,878	\$(426,738)

Appropriating more than the total estimated resources available for expenditures, increases the risk of overspending. We recommend that the Village review estimated resources prior to approving or amending appropriations. If estimated resources are not sufficient to support planned appropriations, the Village should modify appropriations and/or request an amended certificate (if new revenue sources are identified).

**Officials' Response:** We received no response from officials to this finding.



**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  
OCTOBER 18, 2007**