



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Miami
Butler County
268 Whitaker Avenue
New Miami, OH 45011

To the Village Council:

We have audited the accompanying financial statements of the Village of New Miami, Butler County, Ohio (the Village), as of and for the year ended December 31, 1999. 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 generally accepted auditing standards 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2000 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 grants.

This report is intended solely for the information and use of the management, the Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 1, 2000

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**VILLAGE OF NEW MIAMI
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$173,069	\$29,712	\$0	\$202,781
Intergovernmental Receipts	221,031	158,189	0	379,220
Charges for Services	1,200	0	0	1,200
Fines, Licenses, and Permits	70,664	0	0	70,664
Earnings on Investments	2,619	0	141	2,760
Miscellaneous	37,555	409	0	37,964
	<u>506,138</u>	<u>188,310</u>	<u>141</u>	<u>694,589</u>
Total Cash Receipts	506,138	188,310	141	694,589
Cash Disbursements:				
Current:				
Security of Persons and Property	166,029	143,496	0	309,525
Leisure Time Activities	17,191	0	0	17,191
Community Environment	8,420	0	504	8,924
Transportation	134,643	23,104	0	157,747
General Government	175,473	4,930	0	180,403
Capital Outlay	0	8,506	0	8,506
	<u>501,756</u>	<u>180,036</u>	<u>504</u>	<u>682,296</u>
Total Disbursements	501,756	180,036	504	682,296
Total Receipts Over/(Under) Disbursements	4,382	8,274	(363)	12,293
Other Financing Receipts/(Disbursements):				
Transfers-In		381	0	381
Transfers-Out	(1,700)	0	0	(1,700)
	<u>(1,700)</u>	<u>381</u>	<u>0</u>	<u>(1,319)</u>
Total Other Financing Receipts/(Disbursements)	(1,700)	381	0	(1,319)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,682	8,655	(363)	10,974
Fund Cash Balances, January 1	90,537	6,072	7,530	104,139
Fund Cash Balances, December 31	<u>\$93,219</u>	<u>\$14,727</u>	<u>\$7,167</u>	<u>\$115,113</u>
Reserves for Encumbrances, December 31	<u>\$25,206</u>	<u>\$2,905</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF NEW MIAMI
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, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$527,238	\$0	\$527,238
Miscellaneous	5,103		5,103
Total Operating Cash Receipts	532,341		532,341
Operating Cash Disbursements:			
Personal Services	153,608		153,608
Fringe Benefits	72,155		72,155
Contractual Services	129,748		129,748
Supplies and Materials	79,748		79,748
Capital Outlay	71,012		71,012
Total Operating Cash Disbursements	506,271	0	506,271
Operating Income/(Loss)	26,070	0	26,070
Non-Operating Cash Receipts:			
Intergovernmental Receipts	0		0
Other Non-Operating Receipts	104,484	80,725	185,209
Total Non-Operating Cash Receipts	104,484	80,725	185,209
Non-Operating Cash Disbursements:			
Debt Service	95,740		95,740
Other Non-Operating Cash Disbursements	8,705	74,111	82,816
Total Non-Operating Cash Disbursements	104,445	74,111	178,556
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	26,109	6,614	32,723
Transfers-In	97,319		97,319
Transfers-Out	(96,000)		(96,000)
Net Receipts Over/(Under) Disbursements	27,428	6,614	34,042
Fund Cash Balances, January 1	212,422		212,422
Fund Cash Balances, December 31	\$239,850	\$6,614	\$246,464
Reserve for Encumbrances, December 31	\$8,132	\$0	\$0

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

VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of New Miami, Butler County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven-member Council. The Village provides general governmental services, including water and sewer utilities, trash collection, recreation, street maintenance, 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

COPS Federal Grant fund - This fund receives money from the federal government to assist in paying salaries of law enforcement which has allowed the Village to hire additional part-time officers.

VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

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

Water fund - This fund receives charges for services from residents to cover the costs of providing this utility.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified 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:

Relief to the Poor Fund - This expendable trust fund was established to provide help to families in need of assistance.

Mayor's Court Fund - This agency fund receives fines and forfeitures for the violation of ordinances within the Village limits.

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 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.

A summary of 1999 budgetary activity appears in Note 3.

VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation are not reflected as liabilities under the basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND DEPOSITS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and deposits at December 31 were as follows:

	1999
Demand deposits	\$268,930
Certificates of deposit	92,647
Total deposits	\$361,577

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 672,832	\$ 514,933	(\$157,899)
Special Revenue	145,771	188,691	42,920
Enterprise	905,891	734,144	(171,747)
Expendable Trust	7,629	141	(7,488)
Total	\$1,732,123	\$1,437,909	(\$294,214)

**VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 638,918	\$ 537,457	\$101,461
Special Revenue	198,022	182,941	15,081
Enterprise	826,243	714,848	111,395
Expendable Trust	7,529	504	7,025
Total	\$1,670,712	\$1,435,750	\$234,962

The Village had the following material budgetary citations: Appropriations were greater than estimated revenue as of December 31, 1999, in the Permissive Motor Vehicle, COPS, and Sewer Funds.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt Outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$857,073	7.59%
Ohio Water Development Authority Loan - Catch Up	\$ 13,026	7.59%
Total	\$870,099	

VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,058,227 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$47,153 and 717, including interest, over 25 and 22.5 years respectively. The scheduled payment amount below assumes that \$1,058,227 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

<u>Year ending</u> <u>December 31:</u>	<u>OWDA</u> <u>Loan</u>	<u>OWDA</u> <u>Catch up</u> <u>Loan</u>
2000	\$ 94,306	\$1,434
2001	94,306	1,434
2002	94,306	1,434
2003	94,306	1,434
2004	94,306	1,434
Subsequent	<u>1,037,368</u>	<u>15,772</u>
Total	<u>\$1,508,898</u>	<u>\$22,942</u>

Lease Commitments

In addition to the debt described above, the Village has entered into three leases. Lease outstanding at December 31, 1999 was as follows:

<u>Year ending</u> <u>December 31:</u>	<u>Ford Motor</u> <u>Credit Co.</u> <u>1997 F350</u> <u>Truck</u>	<u>Ford Motor</u> <u>Credit Co.</u> <u>1997 Police</u> <u>Sedan</u>	<u>Ford Motor</u> <u>Credit Co.</u> <u>1997 F700</u> <u>Truck</u>
2000	\$ 1,448	\$ 7,679	\$ 9,952
2001	<u> </u>	<u>4,479</u>	<u>3,318</u>
Total	<u>\$ 1,448</u>	<u>\$ 12,158</u>	<u>\$ 13,270</u>

Village has entered into three lease agreements with Ford Motor Credit Company. The title of the related assets transfers to the Village at the end of the lease term.

VILLAGE OF NEW MIAMI
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999
(Continued)

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

8. CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

9. NONCOMPLIANCE

The Village had the following material instances of noncompliance: appropriations exceeded estimated revenues for three funds; appropriations were not certified to the County Auditor for 1999; the necessary tax levies were not authorized or certified to the County Auditor for 1999; purchase orders were not used to certify the encumbrance of funds prior to September 1999; the Village disposed of or could not locate records without authorization of the Village's records commission, the Auditor of State and the Ohio Historical Society.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

The Village of New Miami
Butler County
268 Whitaker Avenue
New Miami, OH 45011

To the Village Council:

We have audited the accompanying financial statements of the Village of New Miami, Butler County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated June 1, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30409-001 to 1999-30409-005. We also noted an immaterial instance of noncompliance, that we have reported to the management of the Village in a separate letter dated June 1, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance 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 to be 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 judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in accompanying schedule of findings as items 1999-30409-006 and 007.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we do not consider the reportable conditions described above to be material weaknesses.

Village of New Miami
Butler County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

In addition, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 1, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 1, 2000

**VILLAGE OF NEW MIAMI
SCHEDULE OF FINDINGS
DECEMBER 31, 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30409-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, requires that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditures.

As of October 31, 1999, November 30, 1999 and December 31, 1999, appropriations exceeded estimated revenues in the Permissive Motor Vehicle and Sewer Fund by \$18,099 and \$29,983 respectively, and in the COPS Fund, by \$12,000 at October 31, 1999 and November 30, 1999, and \$30,000 at December 31, 1999. In addition, the Village did not certify appropriations to the County Auditor for fiscal year 1999.

Failure to monitor budgetary accounts and make necessary budgetary amendments could result in deficit fund balances. Therefore, we recommend the Village monitor yearly budgetary activity/measures at the legal level of control by periodically comparing revenue estimates with actual revenues, as well as, ensuring that appropriations are within revenue projects and expenditures are within appropriations. Amendments to the budget should be made as necessary.

FINDING NUMBER 1999-30409-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer 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.

This section also provides for two exceptions to the above requirement:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not use purchase orders to certify the encumbrance of funds prior to September 1999. The purchasing process should be initiated with a completed and signed purchase order prior to the ordering of goods or services, and the expenditure of money. The department supervisor(s) or other authorized personnel should complete and submit a purchase order to the Clerk for review, approval, and certification that funds are available to purchase the goods and/or service, and that the purchase is valid and for a proper public purpose. The Village should maintain the use of purchase orders and establish proper procedures for processing purchase orders not only to be in compliance with the Ohio Revised Code, but to provide assurance that all expenditures are authorized and valid.

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

FINDING NUMBER 1999-30409-003

Noncompliance Citation

Ohio Rev. Code, Section 149.351, provides that no public records shall be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code, Sections 149.38 to 149.42.

In addition, Ohio Rev. Code, Section 149.39, states in part that when records have been approved for disposal, a copy of such records list shall be sent to the Auditor of State. If the Auditor disapproves the action by the Village's records commission in whole or in part, he shall inform the Village's records commission within a period of sixty days and these records shall not be destroyed. Before public records are otherwise disposed of, the Ohio Historical Society shall be informed and given the opportunity for a period of sixty days to select for its custody or disposal such records as it considers to be of continuing historical value.

The Village disposed of or could not locate 15% of the vouchers requested; however, alternative auditing procedures were used to address this issue. In addition, the Village Board of Public Affairs did not present its book of Ordinances and the Village Recreation Committee/Department did not provide all of their records for audit. The Village disposed of records without authorization by the Village's records commission, the Auditor of State and the Ohio Historical Society.

FINDING NUMBER 1999-30409-004

Noncompliance Citation

Ohio Rev. Code, Section 733.28, states the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village, and the income derived therefrom, and of all taxes and assessments. Ohio Rev. Code, Section 9.38, provides that any public official and/or employee who receives public moneys shall deposit said moneys with the clerk/treasurer of the village once every twenty-four (24) hours.

The Recreation Committee did not forward cash collected during fiscal year 1999 to the Clerk/Treasurer. A separate bank account entitled "New Miami Sports" was established by the Recreation Committee. The Recreation Committee deposited all their basketball and baseball team fees and concession sale receipts into this account. Additionally, the Recreation Committee disbursed funds from this bank account via checks for tournament fees, banquets, supplies for concessions and field maintenance expenditures. The Village did not approve these expenditures nor issue checks for the Recreation Committee's expenditures. In addition, the Village Council did not monitor or amend the budget for the Recreation Committee. While the Recreation Committee may collect money for services provided, these should be deposited in the Village bank account and recorded by the Village Clerk/Treasurer. The Recreation Committee cannot disburse funds, only the Village Clerk, the fiscal officer of the Village, has the authority to write checks for the Village.

The Village should close out the current bank account held by the Recreation Committee and pay in any remaining balance to the Village. The Village should also enact the necessary measures for the Clerk/Treasurer to assume responsibility for the Recreation Committee fiscal activity and to include the monitoring and approval of the Recreation Committee budget and expenditures with Council's management responsibilities. Failure to record all of the Village's fiscal activity results in an understatement of revenues and expenditures in the Village's financial reports.

**VILLAGE OF NEW MIAMI
SCHEDULE OF FINDINGS
DECEMBER 31, 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30409-005

Noncompliance Citation

Ohio Rev. Code, Section 5705.34, requires each taxing authority to pass an ordinance or resolution to authorize the necessary tax levies and to certify the levies to the County Auditor before October 1. Council did not authorize the necessary tax levies and certify the levies to the County Auditor for fiscal year 1999.

FINDING NUMBER 1999-30409-006

Reportable Condition

Payroll

1. Instances were noted when time cards of Water Works personnel contained handwritten arrival, lunch and departure times with no signature of approval. In addition, the time sheets for the Water Works employees were compiled by the Supervisor rather than the employees and there was no indication that the employees agreed with the time sheets as prepared by the Supervisor. It is recommended that all instances involving handwritten times on time cards be approved by the Water Works Supervisor or appropriate Village official, and that time sheets be signed by the employee(s), to ensure accurate records for payroll computations.
2. The Mayor of the Village is responsible for the approval of the Clerk of Courts and all of the Department Supervisor's time sheets. However, we noted the Water Works supervisor's time sheets were not approved by the Mayor. Unapproved time sheets could result in misstated attendance records and potentially improper payment of time worked. The Mayor should approve all supervisors' time sheets prior to submitting them to the Clerk for processing to verify the records being submitted for payroll are accurate.
3. Time sheets and time cards reflected overtime with no indication of prior approval. Unauthorized overtime could result in unnecessary and/or unwarranted time being worked and charged to the Village. We recommend the Village adopt a policy for the authorization of overtime to ensure all overtime worked is warranted.

FINDING NUMBER 1999-30409-007

Reportable Condition

Employee Gasoline Credit Cards

Several Village employees were issued gasoline credit cards with individual pin numbers. Employees are not required to submit signed copies of purchase statements or mileage logs. Failure to monitor the use of gasoline credit cards could result in purchases incurred by the Village that are not related to official Village business. We recommend the Village adopt a written policy regarding the use of gasoline credit card purchases to ensure that uses of the cards are for a proper public use. The policy should include, but not be limited to, maintaining a mileage log identifying odometer readings and the actual number of miles traveled on official Village business. The log should be signed and turned into the finance department to ensure accuracy and completeness.

**VILLAGE OF NEW MIAMI
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1. Finding for Recovery	Comp time taken for salaried employee	No	Finding issued but disposition is pending.
2. Citation	Budgetary Citation 5705.39	No	Citations issued for the current year audit.
3. Citation	Budgetary Citation 5705.36	Yes	Citation not issued for the current year audit.
4. Citation	Negative fund balances	Yes	Some improvement moved to Management letter.
5. Citation	Village did not use Purchase orders	No	Village began using purchase orders from September 1, 1999 through year end.
6. Citation	Destruction of records	No	Board of public affair ordinance book not presented for audit.
7. Citation	Vacation leave accrual	Yes	Leave balances corrected during the current audit.
8. Reportable Condition	Village did not use purchase orders	No	Village began using purchase orders from September 1, 1999 through year end.
9. Reportable Condition	Payroll controls	No	Same reportable condition exists for the current audit period.
10. Reportable Condition	Budgetary Citations	No	See above listing 5705.36 corrected, all others see exist for the current audit period.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF NEW MIAMI

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 22, 2000**