



**Auditor of State
Betty Montgomery**

VILLAGE OF MAINEVILLE
WARREN COUNTY

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**Auditor of State
Betty Montgomery**

Village of Maineville
Warren County
PO Box 227
8188 St. Route 48
Maineville, Ohio 45039

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.

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Betty Montgomery
Auditor of State

October 21, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Maineville
Warren County
PO Box 227
8188 St. Route 48
Maineville, Ohio 45039

To the Village Council:

We have audited the accompanying financial statements of Village of Maineville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 year ended December 31, 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, 2004, or its changes in financial position for the year 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 Maineville, Warren County, as of December 31, 2004 and 2003, 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, 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 September 19, 2005, 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.



Betty Montgomery
Auditor of State

October 21, 2005

**VILLAGE OF MAINEVILLE
WARREN 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**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$24,666	\$16,722		\$0	\$41,388
Municipal Income Tax	160,792				160,792
Intergovernmental Receipts			\$165,315		165,315
State Shared Taxes and Permits	17,947	93,082			111,029
Fines, Licenses, and Permits	4,468				4,468
Earnings on Investments	1,334	547			1,881
Miscellaneous	6,268	3,313			9,581
Total Cash Receipts	<u>215,475</u>	<u>113,664</u>	<u>165,315</u>	<u>0</u>	<u>494,454</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	35,000				35,000
Leisure Time Activities		144			144
Community Environment	6,766				6,766
Transportation		99,290			99,290
General Government	52,395				52,395
Debt Service:					
Principal Payments	12,111				12,111
Interest Payments	3,237	913			4,150
Capital Outlay			166,536		166,536
Total Cash Disbursements	<u>109,509</u>	<u>100,347</u>	<u>166,536</u>	<u>0</u>	<u>376,392</u>
Total Receipts Over/(Under) Disbursements	<u>105,966</u>	<u>13,317</u>	<u>(1,221)</u>	<u>0</u>	<u>118,062</u>
Fund Cash Balances, January 1	94,796	104,149	15,387	353	214,685
Fund Cash Balances, December 31	<u>\$200,762</u>	<u>\$117,466</u>	<u>\$14,166</u>	<u>\$353</u>	<u>\$332,747</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$35,958</u>	<u>0</u>	<u>\$35,958</u>

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$22,033	\$20,848		\$0	\$42,881
Municipal Income Tax	75,644				75,644
Intergovernmental Receipts			\$72,581		72,581
State Shared Taxes and Permits	36,139	83,471			119,610
Fines, Licenses, and Permits	4,270				4,270
Earnings on Investments	864	519			1,382
Miscellaneous	4,071	3,660			7,731
Total Cash Receipts	<u>143,021</u>	<u>108,497</u>	<u>72,581</u>	<u>0</u>	<u>324,099</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	25,166	1,834			27,000
Leisure Time Activities		419			419
Community Environment	3,230				3,230
Transportation		75,918			75,918
General Government	49,380				49,380
Debt Service:					
Principal Payments	1,991				1,991
Interest Payments	3,330	939			4,270
Capital Outlay			80,482		80,482
Total Cash Disbursements	<u>83,097</u>	<u>79,111</u>	<u>80,482</u>	<u>0</u>	<u>242,689</u>
Total Receipts Over/(Under) Disbursements	<u>59,923</u>	<u>29,387</u>	<u>(7,901)</u>	<u>0</u>	<u>81,409</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		500	10,388		10,888
Transfers-Out	(500)	(10,388)		0	(10,888)
Total Other Financing Receipts/(Disbursements)	<u>(500)</u>	<u>(9,888)</u>	<u>10,388</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>59,423</u>	<u>19,498</u>	<u>2,488</u>	<u>0</u>	<u>81,409</u>
Fund Cash Balances, January 1	<u>35,373</u>	<u>84,651</u>	<u>12,899</u>	<u>353</u>	<u>133,276</u>
Fund Cash Balances, December 31	<u><u>\$94,796</u></u>	<u><u>\$104,149</u></u>	<u><u>\$15,387</u></u>	<u><u>\$353</u></u>	<u><u>\$214,685</u></u>
Reserves for Encumbrances, December 31	<u><u>\$30</u></u>	<u><u>\$106</u></u>	<u><u>\$16,894</u></u>	<u><u>0</u></u>	<u><u>\$17,030</u></u>

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Maineville, Warren County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, park operations (leisure time activities) and significant amounts spent for Security of persons and property. The Village contracts with the Hamilton Township Police department to provide security of persons and property.

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.

During the fiscal years 2004 and 2003, the Village's funds were deposited in a "Now" checking account and invested in certificates of deposit with a local commercial bank. The Village values certificates of deposit at cost.

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.

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. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following capital project fund:

Ohio Public Works Fund - This fund is used to record the related receipts and expenditures of benefits received for state grant for road projects.

4. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following agency fund:

Historical Society Fund – This fund is used to account for donations for the Maineville Historical Society.

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 level of, 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not properly encumber all commitments required by Ohio law.

A summary of 2004 and 2003 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.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(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:

	2004	2003
Demand deposits	\$323,165	\$198,399
Certificates of deposit	9,582	16,286
Total deposits	\$332,747	\$214,685

Deposits: Deposits are 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 years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$120,792	\$215,475	\$94,683
Special Revenue	105,730	113,664	7,934
Capital Projects	284,804	165,315	(119,489)
Total	\$511,326	\$494,454	(\$16,872)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$123,769	\$109,510	\$14,259
Special Revenue	139,641	100,347	39,294
Capital Projects	243,241	202,494	40,747
Total	\$506,650	\$412,351	\$94,299

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,119	\$143,021	\$75,902
Special Revenue	100,115	108,997	8,882
Capital Projects	73,391	82,969	9,578
Total	\$240,625	\$334,987	\$94,362

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,253	\$83,627	\$8,626
Special Revenue	157,499	89,605	67,894
Capital Projects	29,567	97,376	(67,809)
Total	\$279,319	\$270,608	\$8,711

Expenditures exceeded appropriations in the capital projects fund in 2003.

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.

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

The Village contracts with the Regional Income Tax Authority (RITA) for the purpose of administering the tax laws of the Village and collecting income taxes on behalf of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) 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, 2004 was as follows:

	Principal	Interest Rate
Municipal Building Note	\$62,097	5.60%

The Municipal Building Note proceeds were used for the purchase of real property to house municipal operations. The note will be repaid in annual installments of \$6,261, including interest, over 30 years. The note is uncollateralized.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT (Continued)

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>Municipal Building Note</u>
2005	\$6,261
2006	6,261
2007	6,261
2008	6,261
2009	6,261
2010-2023	87,655
Total	<u>\$118,960</u>

7. RETIREMENT SYSTEMS

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a 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 2004 and 2003, 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, 2004.

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. RELATED PARTY TRANSACTIONS

The Village Council's President purchased land from the Village in September 2004, for \$1,700.

A Village Council member is the owner of a company from which the Village acquired vehicle maintenance during the years 2004 and 2003. The Village paid \$726 and \$517 during 2004 and 2003, respectively, for these services.

A Village Council member is the owner of a company from which the Village acquired cleaning services during the year 2004. The Village paid \$320 during 2004 for these services.

VILLAGE OF MAINEVILLE
WARREN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

10. SUBSEQUENT EVENTS

The Village Council voted to reinstate the Mayor's Court as of April, 2005.



Auditor of State Betty Montgomery

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

Village of Maineville
Warren County
PO Box 227
8188 St. Route 48
Maineville, Ohio 45039

To the Village Council:

We have audited the financial statements of the Village of Maineville, Warren County, (the Village) as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated October 21, 2005, 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 also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. Government Auditing Standards considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated October 21, 2005, we reported other matters involving internal control over financial reporting 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 is described in the accompanying schedule of findings as items 2004-001, and 2004-002. In a separate letter to the Village's management dated October 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Village of Maineville
Warren County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

October 21, 2005

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code, § 5705.41 (D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Board.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Twelve percent of the expenditures tested were executed without first obtaining the fiscal officer's certification and did not meet the exceptions provided for in the Code. Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly certify funds could result in overspending of the Village funds.

FINDING NUMBER 2004-002

Noncompliance Citation/Reportable condition

Ohio Revised Code, Section 5705.41(B), provides that no subdivision shall make any expenditures of money unless it has been properly appropriated. During 2003, expenditures of \$97,376 exceeded appropriations of \$29,567 by \$67,809 in the State Route 48 Grant Construction Fund.

Capital Projects fund expenditures exceeded the appropriation authority because the Village did not properly record expenditures for payments by the State to contractors on behalf of the Village and therefore did not establish the required budgetary authority. Guidance for the accounting treatment for on-behalf-of transactions is set forth in Auditor of State Bulletins 2000-08 and 2002-04.

VILLAGE OF MAINEVILLE
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Expenditures exceeded appropriations in two funds.	No	Not corrected – re-issued as Finding # 2004-002.



**Auditor of State
Betty Montgomery**

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VILLAGE OF MAINEVILLE

WARREN 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
JANUARY 17, 2006**