



Mary Taylor, CPA  
Auditor of State



VILLAGE OF NEW MIAMI  
BUTLER COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accounts, financial records, files and report of the Village of New Miami, Butler County, Ohio (the Village), as of and for the years ended December 31, 2005, and December 31, 2004, in accordance with Ohio Administrative Code § 117-4-02. The current Mayor and Fiscal Officer did not hold these positions during the audit period and did not sign a letter providing written representations related to the financial statements; completeness of information; and recognition, measurement and disclosure of misstatements, fraud, unasserted claims, and violations of laws and regulations.

There are reportable findings and conditions as a result of performing these procedures. These findings and conditions are described in the Schedule of Findings on pages 17 through 46.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 22, 2008

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**VILLAGE OF NEW MIAMI  
BUTLER 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>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$39,566	\$101,492		\$0	\$141,058
Municipal Income Tax	195,940				195,940
Intergovernmental	153,071	147,695	\$162,656		463,422
Charges for Services	800				800
Fines, Licenses and Permits	72,838	5,095			77,933
Earnings on Investments	6,832	676			7,508
Miscellaneous	3,313	998			4,311
<b>Total Cash Receipts</b>	<u>472,360</u>	<u>255,956</u>	<u>162,656</u>	<u>0</u>	<u>890,972</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	190,272	208,818			399,090
Public Health Services	487				487
Leisure Time Activities	6,679				6,679
Community Environment	100				100
Transportation	84,945	9,568			94,513
General Government	161,073	2,094	60	1,000	164,227
Capital Outlay	12,681	20,618	417,849		451,148
<b>Total Cash Disbursements</b>	<u>456,237</u>	<u>241,098</u>	<u>417,909</u>	<u>1,000</u>	<u>1,116,244</u>
Total Receipts Over/(Under) Disbursements	<u>16,123</u>	<u>14,858</u>	<u>(255,253)</u>	<u>(1,000)</u>	<u>(225,272)</u>
<b>Other Financing Receipts:</b>					
OWDA Loan Proceeds			265,048		265,048
<b>Total Other Financing Receipts</b>	<u>0</u>	<u>0</u>	<u>265,048</u>	<u>0</u>	<u>265,048</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	16,123	14,858	9,795	(1,000)	39,776
Fund Cash Balances, January 1	89,117	167,076	(60,732)	4,301	199,762
<b>Fund Cash Balances, December 31</b>	<u><b>\$105,240</b></u>	<u><b>\$181,934</b></u>	<u><b>(\$50,937)</b></u>	<u><b>\$3,301</b></u>	<u><b>\$239,538</b></u>
Reserve for Encumbrances, December 31	<u>\$2,315</u>	<u>\$0</u>	<u>\$1,032</u>	<u>\$0</u>	<u>\$3,347</u>

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

**VILLAGE OF NEW MIAMI  
BUTLER 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 Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$498,781		\$498,781
Total Operating Cash Receipts	<u>498,781</u>	<u>0</u>	<u>498,781</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	148,162		148,162
Employee Fringe Benefits	82,697		82,697
Contractual Services	163,230		163,230
Supplies and Materials	51,530		51,530
Other	6,390		6,390
Total Operating Cash Disbursements	<u>452,009</u>	<u>0</u>	<u>452,009</u>
Operating Income	<u>46,772</u>	<u>0</u>	<u>46,772</u>
<b>Non-Operating Cash Receipts:</b>			
OWDA On-Behalf Grant Proceeds	98,453		98,453
Miscellaneous Receipts	2,509		2,509
Other Non-Operating Cash Receipts	15,100	\$88,839	103,939
Total Non-Operating Cash Receipts	<u>116,062</u>	<u>88,839</u>	<u>204,901</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	945		945
Redemption of Principal	95,915		95,915
Interest and Other Fiscal Charges	51,911		51,911
Other Non-Operating Cash Disbursements		82,027	82,027
Total Non-Operating Cash Disbursements	<u>148,771</u>	<u>82,027</u>	<u>230,798</u>
Net Receipts Over Disbursements	14,063	6,812	20,875
Fund Cash Balances, January 1	<u>377,195</u>	<u>5,172</u>	<u>382,367</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$391,258</u></b>	<b><u>\$11,984</u></b>	<b><u>\$403,242</u></b>
Reserve for Encumbrances, December 31	<u>\$14,865</u>	<u>\$9,942</u>	<u>\$24,807</u>

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

**VILLAGE OF NEW MIAMI  
BUTLER 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>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$34,516	\$105,589	\$0	\$0	\$140,105
Municipal Income Tax	148,628				148,628
Intergovernmental	156,766	195,201			351,967
Charges for Services	1,000				1,000
Fines, Licenses and Permits	80,980	1,878			82,858
Earnings on Investments	3,558	352			3,910
Miscellaneous	22,368	851			23,219
<b>Total Cash Receipts</b>	<u>447,816</u>	<u>303,871</u>	<u>0</u>	<u>0</u>	<u>751,687</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	177,370	163,946			341,316
Public Health Services	514			150	664
Leisure Time Activities	2,932				2,932
Transportation	71,632	4,816			76,448
General Government	145,930	3,380			149,310
Debt Service:					
Redemption of Principal	1,933				1,933
Interest and Fiscal Charges	24				24
Capital Outlay	16,148	22,061	60,732		98,941
<b>Total Cash Disbursements</b>	<u>416,483</u>	<u>194,203</u>	<u>60,732</u>	<u>150</u>	<u>671,568</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>31,333</u>	<u>109,668</u>	<u>(60,732)</u>	<u>(150)</u>	<u>80,119</u>
<b>Other Financing Receipts:</b>					
Sale of Fixed Assets	23,876				23,876
<b>Total Other Financing Receipts</b>	<u>23,876</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,876</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	55,209	109,668	(60,732)	(150)	103,995
Fund Cash Balances, January 1	33,908	57,408	0	4,451	95,767
<b>Fund Cash Balances, December 31</b>	<u><b>\$89,117</b></u>	<u><b>\$167,076</b></u>	<u><b>(\$60,732)</b></u>	<u><b>\$4,301</b></u>	<u><b>\$199,762</b></u>
Reserve for Encumbrances, December 31	<u>\$6,763</u>	<u>\$30,769</u>	<u>\$3,580</u>	<u>\$0</u>	<u>\$41,112</u>

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

**VILLAGE OF NEW MIAMI  
BUTLER 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 Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$552,839		\$552,839
Total Operating Cash Receipts	<u>552,839</u>	<u>0</u>	<u>552,839</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	141,690		141,690
Employee Fringe Benefits	79,726		79,726
Contractual Services	193,860		193,860
Supplies and Materials	90,355		90,355
Other	6,024		6,024
Total Operating Cash Disbursements	<u>511,655</u>	<u>0</u>	<u>511,655</u>
Operating Income	<u>41,184</u>	<u>0</u>	<u>41,184</u>
<b>Non-Operating Cash Receipts:</b>			
Sale of Fixed Assets	55,017		55,017
Miscellaneous Receipts	1,453		1,453
Other Non-Operating Cash Receipts	64	\$15,656	15,720
Total Non-Operating Cash Receipts	<u>56,534</u>	<u>15,656</u>	<u>72,190</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	1,613		1,613
Redemption of Principal	75,526		75,526
Interest and Other Fiscal Charges	25,042		25,042
Other Non-Operating Cash Disbursements		14,823	14,823
Total Non-Operating Cash Disbursements	<u>102,181</u>	<u>14,823</u>	<u>117,004</u>
Net Receipts Over/(Under) Disbursements	(4,463)	833	(3,630)
Fund Cash Balances, January 1	<u>381,658</u>	<u>4,339</u>	<u>385,997</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$377,195</u></b>	<b><u>\$5,172</u></b>	<b><u>\$382,367</u></b>
Reserve for Encumbrances, December 31	<u>\$17,961</u>	<u>\$15,058</u>	<u>\$33,019</u>

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

**VILLAGE OF NEW MIAMI  
BUTLER 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 New Miami, Butler County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and trash utilities, recreation, street maintenance, and police services. The Village abolished the police department in August 2007. Police services are currently being provided by the Butler County Sheriff's Office.

The Village participates in the Public Entities Pool of Ohio, a risk-sharing pool available to the Ohio local governments. Note 7 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

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. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Deposits**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and deposits 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 Funds**

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

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

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

Permissive Motor Vehicle License Tax Fund – This fund receives license tax money which is used to maintain Village streets.

Fire Levy Fund – This fund receives tax revenue to operate the Village fire department.

Police Levy Fund – This fund receives tax revenue to operate the Village police department.

COPS Fast Grant Fund – This fund receives grant monies to provide police protection services.

Fire Grant Fund – This fund receives grant monies to provide fire protection services.

**3. 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 Funds:

Phase II Augsperger Fund – This fund received Ohio Public Works Commission grant monies and Ohio Water Development Authority loan proceeds. The monies were used for the Augsperger waterline extension project.

Phase II Storm Water Fund – This fund received Ohio Public Works Commission grant monies and Ohio Water Development Authority loan proceeds. The monies were used for storm water system improvements.

State Route 127 Extension & Water Tower Fund – This fund received Ohio Public Works Commission grant monies. The grant monies were used for the State Route 127 extension and water tower projects.

**4. 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 Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**5. 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 Fiduciary Funds:

Relief to the Poor Fund (Expendable Trust) – This fund was established to provide help to families in need of assistance. Interest income is the source of revenue for this fund.

Mayor's Court Fund (Agency Fund) – This fund is used to account for the collection and distribution of Mayor's Court fines and forfeitures. Mayor's Court was abolished effective August 7, 2003. There was residual activity during the audit period.

Butler County Sewer Fund (Agency Fund) – This fund is used to account for the collection and distribution of sewer fees collected by the Village and remitted to Butler County. Per an agreement with Butler County dated February 26, 2004, New Miami surrendered operation of its sewer collection system and sewer treatment plant to Butler County on November 5, 2004.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control, and appropriations may not exceed estimated resources. The 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 canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**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.

**2. Equity in Pooled Cash and Deposits**

The Village maintains a cash and deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 was as follows:

	2005	2004
Demand deposits	\$542,331	\$481,188
Certificates of deposit	100,449	100,941
Total deposits	\$642,780	\$582,129

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

**3. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**4. Local Income Tax**

The Village levies a municipal income tax of 1.75 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 City of Hamilton to collect and administer the income taxes process. Income tax proceeds are posted to the General Fund.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**5. Debt**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
OWDA 1988 Pure Water Loan (1783)	\$621,985	7.59%
OWDA 1988 Pure Water Catch-up Loan (1784)	9,463	7.59%
OWDA 2003 Waterline Extension Loan (3909)	65,562	4.28%
OWDA 2005 Phase II Stormwater Improvements (4403)	177,802	3.79%
OWDA 2005 Waterline Extension Loan (4404)	87,246	3.79%
Ford Motor Credit 2004 Chevy Impala Lease	8,265	5.55%
Public Finance 2003 Fire Truck Lease	137,291	4.49%
Total	\$1,107,614	

The Ohio Water Development Authority (OWDA) 1988 loans (1783 & 1784) relate to a water expansion project that was mandated by the Ohio Environmental Protection Agency. The total amount of the loans issued was \$1,058,277. The loans are being repaid in semiannual installments of \$47,870, including interest, over 25 years. The last payment is due July 1, 2015. The loans are collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OWDA 2003 Waterline Extension Loan (3909) relates to a waterline improvement project. The total amount of the loan issued was \$75,000. The loan is being repaid in semiannual installments of \$3,414, including interest, over 15 years. The last payment is due July 1, 2018. The OWDA loan is collateralized by water customer connection and disconnection fees. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OWDA 2005 Phase II Stormwater Improvements Loan (4403) relates to a storm water improvement project. The total amount of the loan awarded was \$228,000. As of December 31, 2005, the Village has drawn \$177,802 of the available loan proceeds. The loan is being repaid in semi-annual installments of \$6,393, including interest, over 30 years. The first payment is due July 1, 2007. The last payment is due January 1, 2037. The OWDA loan is collateralized by water receipts. Loan proceeds were posted to Fund 4502-Phase II Augsperger.

The OWDA 2005 Waterline Extension Loan (4404) relates to a waterline extension project. The total amount of the loan awarded was \$90,549. As of December 31, 2005, the Village has drawn \$87,246 of the available loan proceeds. The loan is being repaid in semi-annual installments of \$3,249, including interest, over 20 years. The first payment is due July 1, 2007. The last payment is due January 1, 2027. The OWDA loan is collateralized by water receipts. Loan proceeds were posted to Fund 4502-Phase II Augsperger.

The Ford Motor Credit 2004 Chevy Impala lease/purchase agreement relates to a lease entered into May of 2004. The purchase price of the Impala was \$19,338. The lease/purchase agreement will be repaid in monthly installments of \$507, including interest, with the last payment due May 4, 2007. Ownership of the Impala transfers to the Village at the conclusion of the lease. The Impala serves as collateral. Lease payments are being paid from the General Fund.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**5. Debt**

The Public Finance 2003 Fire Truck lease/purchase agreement relates to a lease entered into September of 2003. The purchase price of the fire truck was \$164,645. The lease/purchase agreement will be repaid in semi-annual installments of \$10,309, including interest, with the last payment due August 27, 2013. Ownership of the fire truck transfers to the Village at the conclusion of the lease. The fire truck serves as collateral. Lease payments are being paid from Fund 2401-Fire Levy.

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

Year ending December 31:	OWDA 1988 Pure Water Loan (1783)	OWDA 1988 Pure Water Catch-up Loan (1784)	OWDA 2003 Waterline Extension Loan (3909)	OWDA 2005 Phase II Stormwater Improvements (4403)
2006	\$47,153	\$717	\$3,414	
2007	94,306	1,434	6,827	\$6,393
2008	94,306	1,434	6,827	12,786
2009	94,306	1,434	6,827	12,786
2010	94,306	1,434	6,827	12,786
2011 - 2015	471,531	7,169	34,135	63,934
2016 - 2020			20,481	63,934
2021 - 2025				63,934
2026 - 2030				63,934
2031 - 2035				63,934
2036 - 2037				19,180
<b>Total</b>	<b>\$895,908</b>	<b>\$13,622</b>	<b>\$85,338</b>	<b>\$383,601</b>

Year ending December 31:	OWDA 2005 Waterline Extension Loan (4404)	Ford Motor Credit 2004 Chevy Impala Lease	Public Finance 2003 Fire Truck Lease
2006		\$6,080	\$20,617
2007	\$3,249	2,533	20,617
2008	6,499		20,617
2009	6,499		20,617
2010	6,499		20,617
2011 - 2015	32,494		61,853
2016 - 2020	32,494		
2021 - 2025	32,494		
2026 - 2030	9,748		
2031 - 2035			
2036 - 2037			
<b>Total</b>	<b>\$129,976</b>	<b>\$8,613</b>	<b>\$164,938</b>

The Village recorded lease payments as capital outlay (per audit adjustments).

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**6. Retirement Systems**

Chief Gary Vaughn and Officer Krista Adams belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and the remaining police officers belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2005 and 2004, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has currently paid all contributions required through December 31, 2005. However, the payments were not timely remitted (see Note 9).

**7. Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**7. Risk Management (Continued)**

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$29,719,675	\$27,437,169
Liabilities	<u>(15,994,168)</u>	<u>(13,880,038)</u>
Retained earnings	<u>\$13,725,507</u>	<u>\$13,557,131</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$4,443,332	\$3,648,272
Liabilities	<u>(1,068,245)</u>	<u>(540,073)</u>
Retained earnings	<u>\$3,375,087</u>	<u>\$3,108,199</u>

The Casualty Coverage assets and retained earnings above include approximately \$14.3 million and \$12 million of unpaid claims to be billed to approximately 430 member governments in the future, as of December 31, 2005 and 2004, respectively. PEP will collect these amounts in future annual premium billings when PEP's related liabilities are due for payment. The Village's share of these unpaid claims is approximately \$61,338.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

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

**8. Transfer of Sewer Operations**

The Village surrendered operation of its sewer collection system and its sewer treatment plant in "as is" condition to Butler County on November 5, 2004, when the existing Ohio Environmental Protection Agency permits for the treatment plant expired. Once placed in control of the Village's sewer treatment plant and collection system, the County assumed the risk of operation of those assets as well as their maintenance. Butler County assumed the Village's outstanding OWDA 1999 Wastewater System loans on November 5, 2004 [Wastewater System Feasibility Loan (2817) and Wastewater System Engineering Loan (2164)].

**9. Compliance**

The Village Clerk did not maintain the books of the Village and exhibit accurate statements of monies received and expended as required by Ohio Revised Code Section 733.28.

The Village did not book on-behalf grant monies and OWDA loan proceeds as required by Ohio Revised Code Section 5705.09(F).

The Village has not retained certain records as required by Ohio Revised Code Section 149.351.

The Village did not adopt a tax budget during 2004 as required by Ohio Revised Code Section 5705.28.

The Village did not complete certificates of the total amount available for expenditure for 2004 or 2005, contrary to Ohio Revised Code Section 5705.36.

Contrary to Ohio Revised Code 5705.36, estimated receipts exceeded actual receipts and disbursements plus outstanding encumbrances exceeded beginning unencumbered fund balance plus actual receipts for the following funds in 2005: Fire Grant, FOJ, and OVI.

Contrary to Ohio Revised Code Section 5705.36(A)(4), estimated receipts exceeded actual receipts and appropriations exceeded beginning unencumbered fund balance plus actual receipts for the following funds in 2004: General, FOJ, Water, Trash, Enterprise Debt Service, and Enterprise Deposit.

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources for the following funds in 2004: Permissive Motor Vehicle License Tax, Street, COPS, Water, Sewer, and Relief to the Poor.

Contrary to Ohio Revised Code Section 5705.41(B), expenditures plus outstanding encumbrances exceeded appropriations for the following funds in 2004: Fire Levy, COPS, OVI, Drug Law Enforcement, Booster Station Waterline, Phase II Augsperger, and Phase II Storm Water.

The Village had negative fund balances at December 31, 2004, and 2005, contrary to Ohio Revised Code Section 5705.10.

The Village did not timely remit federal income taxes and employment related taxes withheld from employees' earnings as required by Sections 3401 through 3406 and Section 3102(a) of Chapter 26 of the Internal Revenue Code (IRC).

The Village did not timely remit state income taxes withheld from employees' earnings as required by Ohio Revised Code Section 5747.06(A).

VILLAGE OF NEW MIAMI  
BUTLER COUNTY

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

**9. Compliance (Continued)**

The Village did not timely remit retirement contributions (employer and employee portions) as required by Ohio Revised Code Section 145.47.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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

To the Village Council:

We have audited the accounts, financial records, files and report of the Village of New Miami, Butler County, Ohio (the Village), in accordance with Ohio Administrative Code § 117-4-02, as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 22, 2008.

### 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 2005-013 through 2005-023.

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. We consider reportable conditions 2005-013 through 2005-015, 2005-017, 2005-018, and 2005-021. In a separate letter to the Village's management dated May 22, 2008, 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 2005-001 through 2005-016, 2005-021, and 2005-022. In a separate letter to the Village's management dated May 22, 2008, 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. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

May 22, 2008

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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**FINDING NUMBER 2005-001**

**Finding for Recovery**

The Village issued check #42496 on December 9, 2004 to Eddie Dell. Based on a Village list of second half 2004 clothing allowance payments firefighter Edward Dell should have been reimbursed for \$169. However, the Village actually reimbursed Edward Dell for \$288. The Village overpaid Edward Dell by \$119. The Former Village Clerk and Village Mayor signed this check for payment and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #42496.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Edward Dell; Bruce Butler; Bill Flynn; Emma Jean Butler; Beth Lipps; Robert Henley; Roger Abney; Gail Livelsburger, Former Village Clerk; Kenneth Cheek, Former Mayor; and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally, in the amount of \$119, and in favor of the Village of New Miami General Fund, in the amount of \$119.

Gail Livelsburger, Beth Lipps, Bill Flynn, Bruce Butler, Roger Abney, Robert Henley, Kenneth Cheek, and Emma Jean Butler shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Edward Dell.

**FINDING NUMBER 2005-002**

**Finding for Recovery**

**Payment of Expenditures Without Proper Supporting Documentation**

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not 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."

The Village issued check #41153 on April 28, 2004 to "MAP LLC" (Marathon Ashland Petroleum LLC). The Village provided no invoices or receipts to support this payment. Also, the Village provided no evidence of authorization or purpose for this payment. The description of the payment on the credit card statement said "Frank W Kirk Middletown, Ohio" and the date of the transaction was March 30, 2004. The credit card statement on file at the Village did not indicate the name and address of the person responsible for the credit card. The Village Mayor and Vice Mayor signed the check for this payment and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #41153; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

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

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Roger Abney; Emma Jean Butler; Krystal Murray, Vice Mayor and Council Member; Brenda LaFrance; Kenneth Cheek, Former Mayor; and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally, in the amount of \$162.15 and in favor of the Village of New Miami Water Fund, in the amount of \$162.15.

**FINDING NUMBER 2005-003**

**Finding for Recovery**

**Payment of Expenditures Without Proper Supporting Documentation**

Ohio Revised Code, Section 149.351, states, in part, that "all records are the property of the public office concerned and shall not 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."

The Village issued check #40960 on March 16, 2004 to Courtyard Marriott. The Village provided no invoices or receipts to support this payment. Also, the Village provided no evidence of authorization or purpose for this payment. The receipt from the hotel was not attached to the voucher. The Village could not present any documentation, which person stayed at the hotel, the dates of stay, location of the hotel, or the reason for the person to stay at the hotel. The Former Village Clerk and Mayor signed the check for this payment and the Village minutes did not document that the Council approved payment of this check.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**FINDING NUMBER 2005-003  
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Juanita Lindy, Former Village Clerk; Kenneth Cheek, Former Mayor; and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally, in the amount of \$255 and in favor of the Village of New Miami Sewer Fund, in the amount of \$255.

**FINDING NUMBER 2005-004**

**Finding for Recovery**

**Payment of Expenditures Without Proper Supporting Documentation**

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not 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."

The Village issued check #40673 on February 3, 2004 to Petty Cash Anna Thompson. The Village provided no invoices or receipts to support this payment. Also, the Village provided no evidence of authorization or purpose for this payment. The February 2004 bank statement confirmed that the check cleared the bank. According to a description field in the Village's computer system, the purpose was "to record check number 40673 dated February 3, 2004 for \$100.00 to Mayor's account until investigation of costs is completed." The outcome to this investigation was not documented and proper public purpose of this payment was not established. Our review of the Mayor's Court bank statements did not indicate that this money was deposited into the Mayor's Court bank account. The review of the cancelled check indicated that the check lacked an endorsement. The Former Village Clerk and Mayor signed the check for this payment and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #40673; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Juanita Lindy, Former Village Clerk; Kenneth Cheek, Former Mayor; Bill Flynn; Roger Abney; Emma Jean Butler; Robert Henley; Krystal Murray; Brenda LaFrance; Anna Thompson; and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally, in the amount of \$100 and in favor of the Village of New Miami General Fund, in the amount of \$100.

## FINDING NUMBER 2005-005

### Finding for Recovery

#### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not 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.”

The Village issued check #42897 on February 11, 2005 to “MAP LLC” (Marathon Ashland Petroleum LLC). The Village provided no invoices or receipts to support this payment. Also, the Village provided no evidence of authorization or purpose for this payment. The description of the payment on the credit card statement said “Frank W Kirk Middletown, Ohio” and the date of the transaction was January 6, 2005. The credit card statement on file at the Village did not indicate the name and address of the person responsible for the credit card. The Village Mayor and Mayor signed the check for this payment and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #42897; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village’s finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gail Livelsburger, Former Village Clerk; Kenneth Cheek, Former Mayor; Beth Lipps; Bill Flynn; Roger Abney; Emma Jean Butler; Robert Henley; and Ohio Casualty Insurance Company, Kenneth Cheek’s bonding company, jointly and severally, in the amount of \$101.40 and in favor of the Village of New Miami Water Fund, in the amount of \$101.40.

## FINDING NUMBER 2005-006

### Finding for Recovery

#### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not 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.”

**FINDING NUMBER 2005-006  
 (Continued)**

The Village issued check #42680 on January 14, 2005 to First Financial Bank; check #42754 on January 25, 2005 to First Financial Bank; and check #42911 on February 18, 2005 to First Financial Bank. The Village provided no invoices or receipts to support these payments. Also, the Village provided no evidence of authorization or purpose for these payments. The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment of a range of check numbers, including check #42680, 42754, and 42911; however there was no documentation that Council reviewed each individual payment for proper public purpose and authorization. The following descriptions came from the First Financial Bank credit card statement:

Check #	Description from Credit Card Statement	Village Credit Card In the Name Of	Amount
42680	Thorntons – Hamilton, OH	Gary Vaughn	\$32.11
42754	Thorntons – Hamilton, OH	Oak Goins	50.00
42754	Thorntons – Hamilton, OH	Oak Goins	53.50
42754	Thorntons – Hamilton, OH	Oak Goins	79.58
42911	Carryover of previous balance	Jamie Cook	100.12

We attempted to review the previous months' credit card statements to determine the credit card charges that were included in the previous balances, but the statements containing these charges were not included in the Village records. The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gary Vaughn (\$32.11); Jamie Cook (\$100.12); Oak Goins (\$183.08); Gail Livelsburger, Former Village Clerk (\$315.31); Kenneth Cheek, Former Mayor (\$315.31); Beth Lipps (\$315.31); Bruce Butler (\$315.31); Bill Flynn (\$315.31); Roger Abney (\$315.31); Emma Jean Butler (\$315.31); Robert Henley (\$315.31); and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally in the aforementioned corresponding amounts, for a total amount of \$315.31 and in favor of the Village of New Miami General Fund, in the amount of \$215.19 and the Village of New Miami Water Fund, in the amount of \$100.12.

Gail Livelsburger, Beth Lipps, Roger Abney, Bruce Butler, Bill Flynn, Emma Jean Butler, Robert Henley, and Kenneth Cheek shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Gary Vaughn, Jamie Cook, and Oak Goins.

### FINDING NUMBER 2005-007

#### Finding for Recovery

##### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code, Section 149.351, states, in part, that “all records are the property of the public office concerned and shall not 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.”

The Village issued check #43209 on April 8, 2005 to First Financial Bank. The Village issued check #43210 on April 8, 2005 to First Financial Bank. The Village provided no invoices or receipts to support a portion of these payments. Also, the Village provided no evidence of authorization or purpose for these payments. The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #43209 and 43210; however there was no documentation that Council reviewed each individual payment for proper public purpose and authorization. The following descriptions came from the First Financial Bank credit card statement:

Check #	Description from Credit Card Statement	Amount
43209	Greater Columbus Ohio	\$28.00
43209	Hyatt Hotels Columbus Ohio	238.00
43210	Hyatt Hotels Columbus Ohio	280.00

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village’s finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gail Livelsburger, Former Village Clerk; Kenneth Cheek, Former Mayor; Beth Lipps; Bruce Butler; Bill Flynn; Roger Abney; Emma Jean Butler; Robert Henley; and Ohio Casualty Insurance Company, Kenneth Cheek’s bonding company, jointly and severally, in the amount of \$546.00 and in favor of the Village of New Miami General Fund, in the amount of \$546.00.

### FINDING NUMBER 2005-008

#### Finding for Recovery

##### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code, Section 149.351, states, in part, that “all records are the property of the public office concerned and shall not 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.”

**FINDING NUMBER 2005-008  
 (Continued)**

The Village issued check #44277 on November 18, 2005 to First Financial Bank. The Village issued check #44273 on November 18, 2005 to MAP LLC (Marathon Ashland Petroleum LLC). The Village also issued check #44307 on November 18, 2005 to First Financial Bank. The Village provided no invoices or receipts to support a portion of these payments. Also, the Village provided no evidence of authorization or purpose for these payments.

Check #	Description From Credit Card Statement	Village Credit Card In the Name Of	Amount
44277	Previous balance	Jamie Cook	\$116.66
44273	MAP LLC	No name given	156.88
44307	Previous balance	Gary Vaughn	83.61

The description of the payment on the MAP LLC credit card statement said "Frank W Kirk Middletown, Ohio" and the date of the transaction was October 18, 2005. The credit card statement on file at the Village did not indicate the name and address of the person responsible for the credit card. We attempted to review the previous months' credit card statements to determine the credit card charges that were included in the previous balances, but the statements including these charges were not included in the Village records. Without this support, proper public purpose could not be determined. The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #44277, 44273, and 44307; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jamie Cook (\$116.66); Gary Vaughn (\$83.61); Joseph Ebbing, Former Village Clerk (\$357.15); Kenneth Cheek, Former Mayor (\$357.15); Bill Flynn (\$357.15); Bruce Butler (\$357.15); Beth Lipps (\$357.15); Emma Jean Butler (\$357.15); Roger Abney (\$357.15); Robert Henley (\$357.15); and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally in the aforementioned corresponding amounts, for the total amount of \$357.15 and in favor of the Village of New Miami General Fund, in the amount of \$83.61 and in favor of the Village of New Miami Water Fund, in the amount of \$273.54.

Joseph Ebbing, Bill Flynn, Bruce Butler, Beth Lipps, Emma Jean Butler, Roger Abney, Robert Henley, and Kenneth Cheek shall be secondarily liable for check #44277 and check #44307 to the extent that recovery or restitution is not obtained from Jamie Cook and Gary Vaughn.

**FINDING NUMBER 2005-009**

**Finding for Recovery**

**Payment of Expenditures Without Proper Supporting Documentation**

Ohio Revised Code, Section 149.351, states, in part, that “all records are the property of the public office concerned and shall not 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.”

The Village issued check# 42294 on November 15, 2004 to First Financial Bank. The Village issued check# 42596 on December 22, 2004 to First Financial Bank. The Village provided no invoices or receipts to support a portion of these payments. Also, the Village provided no evidence of authorization or purpose for these payments. The Former Village Clerk and Mayor signed the checks for these payments. The Village minutes documented that the Council voted to approve payment for a range of check numbers, including check # 42294 and 42596; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization. The following descriptions came from the First Financial Bank credit card statement:

<b>Check #</b>	<b>Description From Credit Card Statement</b>	<b>Village Credit Card in The Name Of</b>	<b>Amount</b>	<b>Authorized By</b>
42294	Wal Mart – Hamilton, OH	Gary Vaughn	\$35.43	Bruce Butler, Bill Flynn, Beth Lipps, Roger Abney, Emma Jean Butler, Robert Henley, Gail Livelsburger, Kenneth Cheek, Gary Vaughn, and Ohio Casualty Insurance Company, jointly and severally
42294	Kroger – Hamilton, OH	Gary Vaughn	10.00	Bruce Butler, Bill Flynn, Beth Lipps, Roger Abney, Emma Jean Butler, Robert Henley, Gail Livelsburger, Kenneth Cheek, Gary Vaughn, and Ohio Casualty Insurance Company, jointly and severally
42596	Walmart – Hamilton, OH	Gary Vaughn	29.48	Bill Flynn, Beth Lipps, Roger Abney, Robert Henley, Gail Livelsburger, Kenneth Cheek, Gary Vaughn, and Ohio Casualty Insurance Company, jointly and severally
42596	BP Oil – Fairfield, OH	Gary Vaughn	10.00	Bill Flynn, Beth Lipps, Roger Abney, Robert Henley, Gail Livelsburger, Kenneth Cheek, Gary Vaughn, and Ohio Casualty Insurance Company, jointly and severally

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village’s finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

**FINDING NUMBER 2005-009  
(Continued)**

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gary Vaughn (\$84.91), Gail Livelsburger, Former Village Clerk (\$84.91); Kenneth Cheek, Former Mayor (\$84.91); Beth Lipps (\$84.91); Bruce Butler (\$45.43); Bill Flynn (\$84.91); Roger Abney (\$84.91); Emma Jean Butler (\$45.43); Robert Henley (\$84.91); and Ohio Casualty Insurance Company, Kenneth Cheek’s bonding company, jointly and severally in the aforementioned corresponding amounts, for the total amount of \$84.91 and in favor of the Village of New Miami General Fund, in the total amount of \$84.91.

Gail Livelsburger, Beth Lipps, Bruce Butler, Bill Flynn, Roger Abney, Emma Jean Butler, Robert Henley, and Kenneth Cheek shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Gary Vaughn.

**FINDING NUMBER 2005-010**

**Finding for Recovery**

**Payment of Expenditures Without Proper Supporting Documentation**

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not 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.”

The Village issued check #43874 on August 23, 2005 to First Financial Bank, check #43903 on September 2, 2005 to First Financial Bank, and check #43976 on September 14, 2005 to First Financial Bank. The Village provided no invoices or receipts to support a portion of these payments. Also, the Village provided no evidence of authorization or purpose for these payments. The following descriptions came from the First Financial Bank credit card statement:

**FINDING NUMBER 2005-010  
 (Continued)**

<b>Check #</b>	<b>Description From Credit Card Statement</b>	<b>Explanation</b>	<b>Village Credit Card in the Name Of</b>	<b>Amount</b>
43874	Lowe's	Requisition prepared by Gerald Cook stated purchase was for electrical cords for Fire Department	Gerald Cook	\$215.35
43874	Previous balance	None	Gerald Cook	29.99
43903	Thornton's	None	Oak Goins	10.68
43903	Lowe's	None	Oak Goins	10.30
43903	Previous balance	None	Gary Vaughn	380.06
43903	Al Couch Supermarkets	None	Gail Livelsburger	7.19
43976	Thornton's	None	Gary Vaughn	4.64
43976	Kroger	None	Gary Vaughn	18.45
43976	None	Payment without billing statement	Jamie Cook	116.43

We attempted to review the previous months' credit card statements to determine the credit card charges that were included in the previous balances, but the statements including these charges were not included in the Village records. The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #43874, 43903, and 43976; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization. The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gerald Cook (\$245.34); Gary Vaughn (\$403.15); Jaime Cook (\$116.43); Oak Goins (\$20.98); Gail Livelsburger, Former Village Clerk (\$793.09); Kenneth Cheek, Former Mayor (\$793.09); Beth Lipps (\$793.09); Bill Flynn (\$793.09); Robert Henley (\$793.09); and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally in the aforementioned corresponding amounts, for the total amount of \$793.09 and in favor of the Village of New Miami General Fund, in the amount of \$793.09.

Gail Livelsburger, Beth Lipps, Bill Flynn, Robert Henley, and Kenneth Cheek shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Gerald Cook, Oak Goins, Gary Vaughn, Gail Livelsburger, and Jaime Cook. Gail Livelsburger is primarily liable for \$7.19 of check #43903.

## FINDING NUMBER 2005-011

### Finding for Recovery

#### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code, Section 149.351, states, in part, that “all records are the property of the public office concerned and shall not 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.”

The Village issued check #42538 on December 15, 2004 to First Financial Bank. The Village provided no invoices or receipts to support this payment. Also, the Village provided no evidence of authorization or purpose for this payment. The credit card statement on file at the Village indicated that the charges were made on the Village credit card of Gail Livelsburger included a \$109.22 charge for Red Roof Inns – Columbus, OH and a \$332.45 charge for Donatos Pizza – Hamilton, OH. The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #42538; however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village’s finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gail Livelsburger, Former Village Clerk; Kenneth Cheek, Former Mayor; Beth Lipps; Bruce Butler; Bill Flynn; Roger Abney; Emma Jean Butler; Robert Henley; and Ohio Casualty Insurance Company, Kenneth Cheek’s bonding company, jointly and severally, in the amount of \$441.67 and in favor of the Village of New Miami General Fund, in the amount of \$441.67.

Beth Lipps, Bill Flynn, Emma Jean Butler, Bruce Butler, Roger Abney, Robert Henley, and Kenneth Cheek shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Gail Livelsburger.

## FINDING NUMBER 2005-012

### Finding for Recovery

#### Payment of Expenditures Without Proper Supporting Documentation

Ohio Revised Code Section 149.351 states, in part, that “all records are the property of the public office concerned and shall not 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.”

**FINDING NUMBER 2005-012  
 (Continued)**

The Village issued check #40948 on March 13, 2004 to Lowe's Business Account, check #41351 on June 8, 2004 to Lowe's Business Account/GECF, check #41542 on July 2, 2004 to Lowe's Business Account/GECF, check #41662 on July 14, 2004 to Lowe's Business Account and check #42899 on February 11, 2005 to Lowe's Business Account/GECF. The Village provided no invoices or receipts to support a portion of these payments. Also, the Village provided no evidence of authorization or purpose for these payments.

<b>Check Number</b>	<b>Description From Credit Card Statement</b>	<b>Amount</b>	<b>Authorized By</b>
40948	Purchase, Store 0168 Hamilton, OH	\$98.26	Juanita Lindy, Kenneth Cheek
40948	Purchase, Store 0168 Hamilton, OH	2.08	Juanita Lindy, Kenneth Cheek
41351	Previous balance from prior credit card statement	16.27	Gail Livelsburger, Kenneth Cheek, Krystal Murray, Bill Flynn, Emma Jean Butler, Robert Henley, Roger Abney
41542	No credit card statement attached	286.44	Gail Livelsburger, Kenneth Cheek, Bruce Butler, Bill Flynn, Emma Jean Butler, Robert Henley, Roger Abney
41662	Portion of purchase, Store 0168 Hamilton, OH	40.88	Gail Livelsburger, Kenneth Cheek, Bruce Butler, Brenda LaFrance, Robert Henley, Bill Flynn, Roger Abney
42899	Purchase, Store 0168 Hamilton, OH	10.48	Gail Livelsburger, Kenneth Cheek, Bill Flynn, Emma Jean Butler, Beth Lipps, Robert Henley, Roger Abney
42899	Purchase, Store 0168 Hamilton, OH	95.31	Gail Livelsburger, Kenneth Cheek, Bill Flynn, Emma Jean Butler, Beth Lipps, Robert Henley, Roger Abney

The Former Village Clerk and Mayor signed the checks for these payments and the Village minutes documented that the Council voted to approve payment for a range of check numbers, including check #41351, 41542, 41662, and 42899 (check #40948 was not included in the minutes as being approved in a range of check numbers); however, there was no documentation that Council reviewed each individual payment for proper public purpose and authorization.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Village's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. Seward v. National Surety Co. (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex.rel. Village of Linndale v. Masten (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**FINDING NUMBER 2005-012  
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Gail Livelsburger, Former Village Clerk (\$449.38); Juanita Lindy, Former Village Clerk (\$100.34); Kenneth Cheek, Former Mayor (\$549.72); Beth Lipps (\$105.79); Bill Flynn (\$449.38); Robert Henley (\$449.38); Krystal Murray (\$16.27); Emma Jean Butler (\$408.50); Roger Abney (\$449.38); Bruce Butler (\$327.32); Brenda LaFrance (\$40.88); and Ohio Casualty Insurance Company, Kenneth Cheek's bonding company, jointly and severally in the aforementioned corresponding amounts, for the total amount of \$549.72 and in favor of the Village of New Miami General Fund, in the amount of \$146.67; in favor of the Village of New Miami Water Fund, in the amount of \$321.72; and in the favor of the Village of New Miami Sewer Fund, in the amount of \$81.33.

**FINDING NUMBER 2005-013**

**Material Weakness/Material Noncompliance**

Ohio Revised Code, Section 733.28, requires the Village Clerk to maintain the books of the Village and exhibit accurate statements of monies received and expended. Ohio Admin. Code Section 117-2-02 requires that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Review of the Village's accounting system noted the following exceptions:

- Checks were not issued in sequential order. The check numbers posted to the accounting system did not always match the actual check number of the canceled check.
- The Village did not maintain a receipts ledger or appropriation ledger. The Village presented all financial activity for audit on Excel spreadsheets. The Village had a computer system through the Auditor of State Uniform Accounting Network (UAN) and continued to make service payments to the State for this system during the audit period. However, the Village only utilized the UAN system from January through April 2004.
- Interest earned on the Relief to the Poor account (\$34 for 2004 and \$39 for 2005) and Waterworks Construction account (\$272 for 2004 and \$8 for 2005) was not recorded by the Village.
- Not all interest earned on certificates of deposit (\$757 from 2004) was recorded by the Village.
- The Village had both a checking account and a savings account during the audit period. The savings account was used to accumulate funds for the repayment of Ohio Water Development Authority (OWDA) debt. The Village transferred money from the checking account to the savings account. When the debt payments were made, the amount of the payment was then withdrawn from the savings account and deposited back into the checking account, from which the eventual payment was made. The Village recognized these bank transfers as revenue and expenditures, inflating their financial activity.
- Budgetary data (estimated resources and appropriations) was not posted to a budgetary ledger to be used for monitoring purposes.
- Loan payments made during the audit period were not properly allocated in their financial records as debt service principal and debt service interest.
- Lease payments made during the audit period were posted to the expenditure line items as security of persons and property and contractual services. Lease payments should be recorded as either debt service or capital outlay expenditures.
- The Village did not record OWDA fees of \$1,277 for 2005.

**FINDING NUMBER 2005-013  
 (Continued)**

- The Village did not record OWDA on-behalf payments of \$98,453 in 2005 as grant proceeds.
- The Village did not record Ohio Public Works Commission (OPWC) on-behalf payments of \$116,150 in 2005 as loan proceeds.
- Numerous expenditures were posted to improper funds. Audit adjustments were required to properly report expenditures (\$190,255 of adjustments and reclassifications for 2004; \$112,338 of adjustments and reclassifications for 2005).

Ohio Revised Code, Section 117.38, provides that each public office, other than a state agency, shall file an annual financial report for each fiscal year. The Auditor of State may prescribe form by rule or may issue guidelines, or both for such report. If the Auditor of State has not prescribed a rule regarding the form of the report, the public office shall submit its report on the form utilized by the public office. The public office shall publish notice of the annual report completion in the paper, as well.

The Village did not publish notice for the 2004 and 2005 annual reports, nor were the reports filed timely with the Auditor of State. Failure to file an annual financial report with the Auditor of State resulted in fines and penalties. We recommend that the Village file annual financial reports with the Auditor of State and annually publish notice of the availability of the completed annual report.

The Former Village Fiscal Officer did not officially file fiscal year 2004 and 2005 financial statements with the Auditor of State until January 7, 2008. The Village was declared unauditible on July 17, 2006 and given 90 days to bring their accounts, records and reports into auditible condition. The Former Village Fiscal Officer did not comply, and the Auditor of State issued a subpoena to the Village for financial statements and records required for audit on February 12, 2007. The Former Village Fiscal Officer began providing limited information required by the subpoena in late February 2007, but did not provide all the documentation required by the subpoena. The Auditor of State obtained bank records not provided by the Former Village Fiscal Officer through a subpoena issued directly to the bank.

The Former Village Fiscal Officer provided draft fund financial information (no notes or required supplemental information) to auditors in June, 2007, but provided no supporting documentation for transaction line item totals or accurately reconciled fund balances. The Auditor of State provided the Former Village Fiscal Officer an opportunity to explain the fund financial information and supply supporting documentation in July 2007; however, he could not provide ledger detail or documentation to support the draft financial statements.

The accompanying financial statements have been adjusted to reflect these adjustments. The Former Village Fiscal Officer presented different balances for the same funds at December 31, 2004 and 2005 during the audit period. Although audit adjustments were required to correct numerous fund balances, the following table presents only the different balances presented by the Former Village Fiscal Officer at July and December 2007 and the audited balances for the General, Water, and Sewer Funds and total for all funds:

<b>Balances at December 31, 2004</b>			
<b>Fund</b>	<b>Statements Provided by Former Village Fiscal Officer July 2007</b>	<b>Statements Provided by Former Village Fiscal Officer December 2007</b>	<b>Audited</b>
General Fund	\$163,835	\$169,728	\$89,114
Water Fund	49,468	49,440	156,556
Sewer Fund	145,812	145,817	163,205
All Funds	611,202	613,964	582,129

**FINDING NUMBER 2005-013**  
**(Continued)**

<i>Balances at December 31, 2005</i>			
<b>Fund</b>	<b>Statements Provided by Former Village Fiscal Officer July 2007</b>	<b>Statements Provided by Former Village Fiscal Officer December 2007</b>	<b>Audited</b>
General Fund	\$308,674	\$237,329	\$105,237
Water Fund	(22,604)	0	212,474
Sewer Fund	152,577	152,582	166,669
All Funds	666,148	674,938	642,780

Failure to accurately maintain the Village's account records 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity, 3) increases the risk that errors, theft and fraud will occur and not be detected, and 4) increases the likelihood that the Village's financial statements will be misstated.

We recommend that the Village Fiscal Officer accurately maintain the Village's accounting records using the Ohio Admin. Code, Section 117-2-02 and the Village Officers Handbook as guidance. The Village Officers Handbook can be found at:

[www.auditor.state.oh.us/LGS/Publications/LocalGovernmentManualsHandbooks/Village\\_Officers\\_handbook.pdf](http://www.auditor.state.oh.us/LGS/Publications/LocalGovernmentManualsHandbooks/Village_Officers_handbook.pdf).

Additionally, we recommend the Village utilize a computerized accounting package that can provide those ledgers (appropriation and receipt ledger) necessary for the Village's use.

**FINDING NUMBER 2005-014**

**Material Weakness/Material Noncompliance**

Ohio Revised Code, Section 5705.09(F), requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Village's appropriations. As further discussed in Auditor of State Bulletin 2000-008, the Clerk shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to the Village recording the appropriations, Ohio Rev. Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

The Fiscal Officer did not record the Ohio Public Works Commission (OPWC) monies disbursed on behalf of the Village during the audit period, nor was the grant money included in the appropriations by the Village Council. The accompanying financial statements have been adjusted to reflect receipts and disbursements of \$116,150 for the year ended December 31, 2005.

Also, the Village did not record the Ohio Water Development Authority (OWDA) Emergency Relief grant monies disbursed on behalf of the Village, nor was the grant money included in the appropriations by the Village Council for fiscal year 2005. The accompanying financial statements have been adjusted to reflect receipts and disbursements of \$98,453 for the year ended December 31, 2005.

Failure to record these items can result in misleading financial statements. We recommend that the Village follow the accounting treatment as prescribed in Auditor of State Bulletin 2000-008 for on-behalf grants.

**FINDING NUMBER 2005-015**

**Material Weakness/Material Noncompliance**

Ohio Revised 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, provides, in part, that when records have been approved for disposal, a copy of such records application or schedule shall be sent to the Ohio historical society, who upon completion of its review, shall forward it on to the Auditor of State. If the Auditor disapproves the action by the Village's record 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 following records could not be located:

- The February 2004 checking account statement was incomplete.
- There were no checking account statements for October or December 2004 nor February 2005.
- Relief to the Poor bank account statements for 2004
- The certificates of deposits statements for the 2004 and 2005 were incomplete
- Mayor's Court records: bank account checkbook register, cash book, docket, case files, original deposit slips or canceled checks, duplicate receipts, disbursement reports to the State and Ohio BMV
- County auditor certificates for 2004 and 2005
- Resolution 2005-42: Resolution authorizing the necessary tax levies
- Exhibit A from Ordinance 1690 adopting temporary appropriations for 2005
- Ordinance 1693 adopting 2005 appropriations
- The Village's quarterly pooled collateral statements from First Financial Bank for 2004 and 2005
- The police department daily activity logs for 2004 and 2005
- 1099's and W-2's from 2004; the 1099's from 2005.
- Time sheets were missing for five different payroll checks
- Payroll ordinance for police officers
- Supporting documentation for numerous expenditures (see the table below). Findings for recovery were issued for several of these expenditures (see Finding 2005-001 through 2005-012). However, for the expenditures listed below we were able to perform alternative audit procedures or obtain other corroborating evidence.

<b>Check Number</b>	<b>Check Date</b>	<b>Vendor/Payee</b>	<b>Amount</b>
41189	5/3/04	Aaron L. Andrews	\$60.00
42604	12/27/04	Aaron L. Andrews	60.00
42602	12/27/04	Jason Testa	270.00
42601	12/27/04	Michele Halcomb	60.00
41738	8/9/04	Bill Young	175.00
41393	6/21/04	Bryan Benge	80.00
41369	6/9/04	David Wilburn	24.00
41371	6/9/04	Florence McDaniel	27.50
40802	1/31/04	Gary Riethmaier	225.12
41238	5/12/04	Hughue Clemmons	57.25

**FINDING NUMBER 2005-015  
 (Continued)**

40804	1/31/04	Michelle Gregston	326.24
41239	5/12/04	New Miami Water Dept.	102.75
41368	6/9/04	New Miami Water Dept.	315.73
41392	6/21/04	New Miami Water Dept.	100.00
40803	1/31/04	Robert Mueller	340.87
41367	6/9/04	Stephanie Wilson	22.75
41370	6/9/04	Tammy Robinson	12.77
41696	7/28/04	Tim Williams	47.19
40743	1/31/04	Cincinnati Bell	137.79
40751	1/31/04	Cincinnati Bell	74.54
40848	3/1/04	Cincinnati Bell	138.97
40893	3/4/04	Cincinnati Bell	73.84
40933	3/13/04	Cincinnati Bell	976.86
40990	3/30/04	Cincinnati Bell	986.21
40991	3/30/04	Cincinnati Bell	240.50
41003	3/30/04	Cincinnati Bell	272.78
41418	6/22/04	Cincinnati Bell	167.01
41525	6/30/04	Cincinnati Bell	58.58
40989	3/30/04	Cinergy CG&E	5.16
40670	1/28/04	Brenda LaFrance	28.37
41560	7/2/04	Louis Nunn	40.00
42548	12/17/04	Louis Nunn	553.33
42063	10/7/04	Oakla Goins	10.00
42599	12/23/04	Oakla Goins	90.60
40672	1/30/04	Gary Sheets	1,666.66
40953	3/13/04	Acordia	650.00
41410	6/22/04	Bowling & Kugler Realty	22.75
40998	3/30/04	BrewPro	451.00
41013	3/22/04	Bronco Excavating	6,680.00
41718	8/2/04	Butler County Clerk of Courts	7.00
40861	3/4/04	Chester Engineers	9,300.00
41420	6/22/04	Complete Comfort Heating & Cooling	100.00
41412	6/22/04	Couch's Campers	4.45
40960	3/16/04	Courtyard Marriott	255.00
40993	3/30/04	Cox Ohio Publishing	21.32
41642	7/14/04	Cox Ohio Publishing	657.80
41004	3/30/04	Everett J. Prescott, Inc.	448.49
41419	6/22/04	Everett J. Prescott, Inc.	876.00
			Total check was \$350.87 (no invoices for \$74.38)
42019	10/6/04	First Financial Bank	
42294	11/15/04	First Financial Bank	205.14
			Total check was \$281.54 (no invoices for \$39.48)
42596	11/22/04	First Financial Bank	

**FINDING NUMBER 2005-015  
(Continued)**

42538	12/15/04	First Financial Bank	Total check was \$460.13 (no invoices for \$441.67)
41920	9/14/04	GM Engraving 1-Day Rubber Stamp	Total check was \$209.48 (no invoices for \$175.56)
41763	8/10/04	Gates McDonald	698.00
41417	6/22/04	Hach Company	140.05
41561	7/2/04	Hach Company	48.40
41559	7/2/04	Howard Beare	80.00
41422	6/22/04	J&J Tire	99.00
41694	7/29/04	J&J Tire	Total check was \$96 (no invoice for \$25)
40948	3/13/04	Lowes Business Acct.	Total check was \$600.69 (no invoices for \$100.34)
41351	6/8/04	Lowes Business Acct.	Total check was \$168.28 (no invoice for \$16.27)
41542	7/2/04	Lowes Business Acct.	286.44
41662	7/14/04	Lowes Business Acct.	Total check was \$372.67 (no invoice for \$40.88)
41153	4/28/04	MAP, LLC	162.15
40882	3/4/04	MASI	343.25
41002	3/30/04	MASI	467.35
41423	6/22/04	MASI	449.60
41539	7/2/04	MASI	792.45
41540	7/2/04	Mike's Auto Repair	2,500.00
41408	6/22/04	Miles Chevrolet, Inc.	250.00
40732	1/31/04	Nextel Communications	1,282.74
40748	1/31/04	Nextel Communications	267.38
41427	6/22/04	Nextel Communications	230.49
40994	3/30/04	Office Depot Credit Plan	50.00
40673	1/30/04	Petty Cash Anna Thompson	100.00
41462	6/23/04	Respect for Law Camp	75.00
41007	3/30/04	Rumpke	71.13
41008	3/30/04	Rumpke	32.66
41425	6/22/04	Rumpke	71.13
41731	8/5/04	Shaw Environmental	3,500.00
41421	6/22/04	Spivey Tree Service	300.00
41009	3/30/04	The Wagner Smith Company	59.49
41010	3/30/04	The Wagner Smith Company	95.73
41011	3/30/04	The Wagner Smith Company	86.69
41538	7/2/04	Thermo Electron Corp.	688.24
40956	3/15/04	Treasurer of State of Ohio	200.00
42271	11/8/04	Treasurer of State of Ohio	962.00
41348	6/8/04	Treasurer of State of Ohio	105.00
42600	12/27/04	Treasurer of State of Ohio	200.00
41537	7/2/04	U S I, Inc.	34.00

**FINDING NUMBER 2005-015  
 (Continued)**

40709	1/31/04	US Postmaster	122.10
40799	1/31/04	US Postmaster	241.01
40824	2/25/04	US Postmaster	150.00
41349	6/8/04	US Postmaster	129.87
41387	6/15/04	US Postmaster	238.85
41492	6/25/04	US Postmaster	37.00
42431	12/1/04	US Postmaster	312.28
42446	12/2/04	US Postmaster	37.00
42512	12/14/04	US Postmaster	250.98
41005	3/30/04	Valley Natural Gases, Inc.	27.88
41424	6/22/04	Valley Natural Gases, Inc.	29.32
41413	6/22/04	Viking Office Products	131.39
42166	10/21/04	Viking Office Products	310.00
40999	3/30/04	Wagner Smith	339.18
40997	3/30/04	Waste Management of Ohio	102.37
41535	7/2/04	Z.P. Enterprises, Inc.	222.05
43113	3/25/05	Aaron L. Andrews	30.00
43114	3/25/05	Michele Halcomb	30.00
43112	3/25/05	Sherman C. Niesen	30.00
42823	2/02/05	Cincinnati Bell	62.31
42824	2/02/05	Cincinnati Bell	77.73
42825	2/02/05	Cincinnati Bell	95.93
44451	12/12/05	Cinergy	5.00
44454	12/12/05	Cinergy	354.94
44379	12/02/05	Joseph P. Ebbing	12.00
42939	2/25/05	Linda Hampton	6.00
43030	3/11/05	Linda Hampton	15.00
44132	10/21/05	Linda Hampton	18.00
44378	12/02/05	Linda M. Hix	6.00
42821	2/02/05	American Blueprint	10.50
44351	11/01/05	Anthem Blue Cross	4,101.44
44352	12/01/05	Anthem Blue Cross	3,221.46
43586	6/09/05	BCDES	7,383.99
44184	11/02/05	BCDES	7,425.72
42724	1/21/05	Butler Cty Engineer	786.24
44447	12/07/05	Butler Cty Health Dept	100.00
44520	12/27/05	Butler Cty Recorder	172.82
ELECTRONIC (6841)	5/12/05	BWC State Insurance	31,692.41
44216	11/04/05	Fairfield Twp Police	2,000.00
42680	1/14/05	First Financial Bank	179.02
42754	1/25/05	First Financial Bank	183.08
42884	2/11/05	First Financial Bank	Total check was \$386.82 (no invoice for \$36)
42911	2/18/05	First Financial Bank	Total check was \$124.02 (no invoice for \$100.12)
43209	4/8/05	First Financial Bank	543.86
43210	4/8/05	First Financial Bank	311.58

**FINDING NUMBER 2005-015  
(Continued)**

43741	7/7/05	First Financial Bank	229.28
43874	8/23/05	First Financial Bank	Total check was \$246.26 (no invoices for \$245.34)
43903	9/2/05	First Financial Bank	Total check was \$915.34 (no invoices for \$433.18)
43976	9/14/05	First Financial Bank	Total check was \$221.82 (no invoices for \$164.47)
44277	11/18/05	First Financial Bank	Total check was \$145.89 (no invoices for \$116.66)
44307	11/18/05	First Financial Bank	Total check was \$197.74 (no invoices for \$83.61)
42710	1/14/05	Fleet One	1,479.49
43004	3/09/05	Fleet One	1,269.53
43156	4/01/05	Fleet One	1,550.13
44530	12/27/05	Galls	82.97
42714	1/14/05	Jeff Pohlman Tire	\$120.79 (no invoices for \$46.59)
44191	11/03/05	Jones Warner	7,601.75
44518	12/27/05	Jones Warner	5,918.52
43093	3/17/05	Joseph P. Ebbing	3,027.35
42899	2/11/05	Lowes Business Acct.	105.79
43901	8/23/05	Lowes Business Acct.	54.96
44186	11/02/05	Mark R. Dee	94.00
42820	2/02/05	Marshall Elec. Supply	107.43
42897	2/11/05	MAP, LLC	101.40
44273	11/18/05	MAP, LLC	156.88
42818	2/02/05	MASI	149.95
43974	9/14/05	MASI	\$437.02 (no invoices for \$103.95)
42826	2/02/05	Morning Sun Tech.	1,334.29
43932	9/07/05	Nextel Communication	504.20
43978	9/14/05	Nextel Communication	504.20
ELECTRONIC (6255)	2/10/05	ODJFS	236.83
44448	12/07/05	Ohio EPA	4,200.00
44243	11/09/05	Ohio Munic. League	540.00
42749	1/25/05	Roy Tailor Uniform	\$203.85 (no invoices for \$165.10)
44195	11/03/05	Roy Tailor Uniform	\$816.65 (no invoices for \$690.45)
44235	11/07/05	Southeastern Equip.	6.47
42658	1/06/05	US Postmaster	37.00
42753	1/25/05	US Postmaster	37.00
42900	2/14/05	US Postmaster	389.66
43051	3/15/05	US Postmaster	391.78

**FINDING NUMBER 2005-015  
 (Continued)**

43230	4/15/05	US Postmaster	392.48
43231	4/15/05	US Postmaster	37.00
43692	7/01/05	US Postmaster	477.30
44092	10/07/05	US Postmaster	74.00
44220	10/21/05	US Postmaster	37.00
44236	11/08/05	US Postmaster	13.65
44090	10/07/05	Valley Natural Gases	402.88
42816	2/02/05	Viking Office Products	19.97
43624	6/21/05	Walgreens	31.38
42986	3/3/05	ZP Enterprises	667.57

All missing bank statements and certificate of deposit statements were obtained via subpoena from the bank.

The Village disposed of records without the authorization of the Village's records commission, the Auditor of State, and the Ohio Historical Society. We recommend that the Village maintain all records as required by law.

**FINDING NUMBER 2005-016**

**Material Noncompliance**

Ohio Revised Code, Section 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 encumbrance.

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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 Village.

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.

**FINDING NUMBER 2005-016  
(Continued)**

3. Super Blanket Certificate – The Village 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.

The Village did not properly certify the availability of funds during the audit period, nor was there evidence that the Village followed the aforementioned exceptions. The Village prepared purchase orders from January 1, 2004 through April 19, 2004. Only 26 purchase orders that were prepared on January 1, 2004, were signed by the Clerk and Mayor. None of the other purchase orders were signed by anyone. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. Invoices lacking a date should be dated by the Fiscal Officer when received.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2005-017**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies, ensure that accounting records are properly designed, ensure adequate security of assets and records, plan for adequate segregation of duties or compensating controls, verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, perform analytical procedures to determine the reasonableness of financial data, and ensure the collection and compilation of the data needed for the timely preparation of financial statements.

Lack of internal controls, increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

The following weaknesses were noted:

- Most of the prior audit findings had not been addressed or corrected (See Schedule of Prior Audit Findings).
- Audited December 31, 2003 fund balances were not used by the Village as January 1, 2004 fund balances.
- The Village's accounts had not been reconciled accurately for the entire audit period and this was not detected by Council.

**FINDING NUMBER 2005-017  
(Continued)**

- Revenues and expenditures were posted to the wrong funds or accounts during the audit period and this was not detected by Council.
- Payments were made late, or multiple payments made at one time, often resulting in late fees and finance charges.
- On-behalf grants such as OPWC and OWDA were not accounted for on the Village's books.
- There was no evidence that Council was receiving and approving monthly financial reports.
- Purchase orders were inconsistently used and not always properly signed.

Monitoring controls should be put into place to help assure that work being performed, laws required to be followed and reports being generated are meeting the objectives of Council and management. Monitoring controls should be performed by someone independent of those performing the tasks.

The following procedures should be implemented:

- Council should receive monthly financial reports from the accounting system including, but not limited to: bank reconciliations (with supporting documentation such as bank statements, outstanding check lists, and deposits in transit), check registers, estimated versus actual receipts, and appropriations compared to actual expenditures. Council should receive these reports prior to the regular meetings so that members have an opportunity to review the information and ask informed questions. Council's approval of these reports should be documented in the minutes.
- Upon receiving audit reports, Council should take action to see that the findings are addressed and corrected.

**FINDING NUMBER 2005-018**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Village did not accurately reconcile its bank account to fund balances for the two year audit period necessitating a year end proof of cash to be performed to determine the completeness and accuracy of the amounts reported.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations to make sound financial decisions.

We recommend the Village Clerk reconcile accurately on a monthly basis. Other adjustment factors should be documented and adequately explained. Deposits in transit should be documented by receipt numbers reflecting the date, amount, and source of the deposit in transit. These deposits in transit should trace to the subsequent month's bank statement. Village officials should review and sign the reconciliations indicating their approval. Adjustments should be documented, and any unexplained differences should be investigated and resolved immediately. Outstanding checks older than six months should be investigated and appropriate actions taken to remove them from the reconciliation if they no longer apply.

### FINDING NUMBER 2005-019

#### Reportable Condition

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacks management oversight in the posting of receipts. This lack of oversight is illustrated by the following:

- A motor vehicle registration fee receipt was incorrectly posted to the General Fund rather than the Street and State Highway Funds (\$617 for 2004).
- Exempt personal property taxes were incorrectly posted to taxes rather than intergovernmental revenue (\$447 for 2004; \$715 for 2005).
- State license tax in the Permissive Motor Vehicle License Tax Fund was incorrectly posted to taxes rather than intergovernmental revenue (\$10,562 for 2004; \$12,424 for 2005).
- An excess IRP motor vehicle receipt was incorrectly posted to the General Fund rather than the Permissive Motor Vehicle License Tax Fund (\$79 for 2005).
- A public utility reimbursement receipt was incorrectly posted to taxes rather than intergovernmental revenue (\$364 for 2005).
- Several receipts were incorrectly posted to the General Fund as "unknown deposits" in the Miscellaneous Revenue line item (\$12,434 for 2004). Three of these receipts were for utility deposits (\$6,133).
- Several receipts for fines from Hamilton Municipal Court (\$105 for 2004; \$4,623 for 2005) and Mayor's Court (\$20,300 for 2004) were posted to incorrect line items and/or funds.
- An insurance payment for property damage coverage loss was incorrectly posted as Sale of Fixed Assets (\$3,236 for 2004).
- Two receipts for DUI grant monies were posted to incorrect line items and funds (\$1,640 for 2005).
- An expenditure for the refund of a court fine was incorrectly posted as a reduction of a receipt. The transaction should have been posted as an expenditure (\$94 for 2005).
- Interest earned on certificates of deposit from 2004 was incorrectly posted as Miscellaneous Revenue (\$661 posted in 2005).

Adjustments were needed to properly classify the monies received. Failure to properly post revenue can result in inaccurate records. We recommend that all federal, state, and local revenue receipts be properly posted. Receipts posted to the receipt ledger should be reviewed for accuracy. Comparisons between years may aid in the determination if a receipt has been properly posted.

### FINDING NUMBER 2005-020

#### Reportable Condition

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies and ensure adequate security of assets and records.

Several Village employees were issued gasoline credit cards with individual personal identification numbers (PIN) numbers. The Village did not have procedures in place to monitor accountability governing these purchases.

**FINDING NUMBER 2005-020  
(Continued)**

We examined all available Fleet One billing statements from the audit period. Almost no original gas charge receipts were attached to the billing statements. All statements examined contained numerous exception codes for "Odometer Errors". Also (for example) the fleet monthly totals indicated Village vehicles were getting 3,050 miles per gallon and the year to date total was 1,558 miles per gallon (per the August 2005 billing statement). While the credit card bill identifies vehicles by the PIN numbers, this would not prohibit a Village employee from refueling personal vehicles at Village expense. These bills were paid without these discrepancies being investigated.

We recommend that the Village adopt a written policy governing the use of gas credit cards. The policy should include, but not be limited to, maintaining a mileage log identifying the vehicle, driver, odometer readings and actual number of miles traveled on official business. This log should be signed by the employee and his/her supervisor and provided to the Clerk. The policy should also list authorized credit card users, and how to secure the credit cards.

**FINDING NUMBER 2005-021**

**Material Weakness/Material Noncompliance**

Ohio Admin. Code, Section 117-2-02(C)(1), states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. Budgetary data (estimated resources and appropriations) was not posted to a budgetary ledger to be used for monitoring purposes. The Village did not maintain accounting ledgers which compared actual receipts to estimated receipts, nor actual expenditures plus outstanding encumbrances to appropriations. As a result of not maintaining this documentation, the following control weaknesses and noncompliance with Ohio Revised Code was noted. Most of the following conditions existed during the prior audit (see Schedule of Prior Audit Findings).

The beginning fund balances on the Certificates of Estimated Resources for 2004 were incorrect due to Auditor of State audit adjustments. The Village did not obtain amended certificates of estimated resources which reflected the audited fund balances. Failure to properly reflect those adjustments on budgetary documents may result in overspending of money and negative fund balances. We recommend that the Village properly reflect those adjustments on budgetary documents. The Village should request amended certificates of estimated resources when changes in fund balances or revenue received occur.

Estimated receipts and appropriations for 2004 and 2005 were not posted to the Village's accounting system. Failure to properly post estimated receipts and appropriations could result in excessive spending and possible negative fund balances. The official certificates of estimated resources and appropriation resolutions, as well as any amendments, should be promptly and accurately posted to the Village's accounting system. Once posted, the estimated resources and appropriations on the accounting system should be compared to the official documents by the Clerk and the Finance Committee.

Ohio Revised Code, Section 5705.28, requires that on or before July 15 (January 15 for school districts), in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

The Village did not adopt a tax budget during 2004. Failure to adopt tax budgets could result in a loss of tax funding. We recommend that the Village adopt the annual tax budget by the required deadline. This was reported in the management letter of the audit of the 2002-2003 financial statements.

**FINDING NUMBER 2005-021  
 (Continued)**

Ohio Revised Code, Section 5705.36 (A)(1), requires that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. The Village did not complete certificates of the total amount available for expenditure for 2004 or 2005. Failure to complete said certificates could result in loss of tax funding. We recommend that the Village complete annual certificates of the total amount available for expenditure.

Ohio Revised Code, Section 5705.36(A)(4), and Auditor of State Bulletin 97-010 require all subdivisions to request reduced amended certificates upon determination by the Clerk that revenue to be collected will be less than the amount in the official certificate of estimated resources, and that expenditures or the incurrent of obligations will be greater than actual resources.

At December 31, 2005, estimated receipts exceeded actual receipts and disbursements plus outstanding encumbrances exceeded beginning unencumbered fund balance plus actual receipts for the following funds:

<b>Fund</b>	<b>Disbursements + Outstanding Encumbrances</b>	<b>Beginning Unencumbered Fund Balance + Actual Receipts</b>	<b>Variance</b>
Fire Grant (Fund 2026)	\$71,244	\$27,226	\$44,018
Furtherance of Justice (Fund 2901)	8,976	(2,881)	11,857
OVI (Fund 2122)	3,227	1,294	1,933

Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriation can result in overspending and negative fund balances. We recommend the Clerk and Council monitor the budgetary activity of the Village.

Ohio Revised Code, Section 5705.36(A)(4), requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

At December 31, 2004 estimated receipts exceeded actual receipts in the funds noted below. Furthermore, appropriations exceeded the available fund balance in these funds. Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriation can result in overspending and negative fund balances. We recommend that the Village monitor estimated and actual receipts and obtain amendments when required.

<b>Fund</b>	<b>Appropriations</b>	<b>Beginning Unencumbered Fund Balance + Actual Receipts</b>	<b>Variance</b>
General Fund	\$540,734	\$493,500	\$47,234
Furtherance of Justice (Fund 2901)	42,900	819	42,081
Water Fund (Fund 5001)	550,435	360,763	189,672
Trash Fund (Fund 5601)	146,809	131,373	15,436
Enterprise Debt Service (Fund 5721)	149,874	88,290	61,584
Enterprise Deposit (Fund 5781)	23,078	19,296	3,782

**FINDING NUMBER 2005-021  
 (Continued)**

Ohio Revised Code, Section 5705.39, requires that the total appropriation from each fund should not exceed the total estimated revenue.

Appropriations exceeded estimated resources for the following funds in 2004:

<b>Fund</b>	<b>Appropriations</b>	<b>Estimated Resources</b>	<b>Variance</b>
Permissive Motor Vehicle License Tax (Fund 2101)	\$14,132	\$11,167	\$2,965
Street (Fund 2011)	46,650	9,407	37,243
COPS (Fund 2121)	62,799	7,684	55,115
Water (Fund 5001)	428,161	389,370	38,791
Sewer (Fund 5201)	202,592	200,604	1,988
Relief to Poor (Fund 7001)	4,953	4,476	477

Failure to limit appropriations to the amount of estimated resources could result in overspending of funds and negative fund balances. We recommend that the Village implement procedures to monitor appropriations and estimated resources. Amendments should be approved and made as necessary.

Ohio Revised Code, Section 5705.41(B), states that no taxing authority shall make any expenditures of money unless it has been appropriated as provided in such chapter. Expenditures and outstanding encumbrances exceeded appropriations at December 31, 2004, as follows:

<b>Fund</b>	<b>Expenditures + Outstanding Encumbrances</b>	<b>Appropriations</b>	<b>Variance</b>
Fire Levy (Fund 2401)	\$25,435	\$16,092	\$9,343
COPS (Fund 2121)	83,041	63,871	19,170
OVI (Fund 2122)	592	0	592
Drug Law Enforcement (Fund 2081)	13,595	0	13,595
Booster Station Waterline (Fund 4202)	10,272	0	10,272
Phase II Augsperger (Fund 4502)	30,930	0	30,930
Phase II Storm Water (Fund 4503)	23,110	0	23,110

Failure to properly monitor appropriations and amend appropriations could result in the illegal expenditure of monies and possible deficit fund balances. The Clerk should deny payment requests which exceed appropriations. The Clerk may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Ohio Revised Code, Section 5705.10(H), states money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

**FINDING NUMBER 2005-021  
 (Continued)**

The following funds had negative fund balances at December 31, 2004, and December 31, 2005, due to Auditor of State fund balance adjustments:

<b>Fund</b>	<b>December 31, 2004</b>	<b>December 31, 2005</b>
Fire Grant (2026)		\$(13,400.04)
Drug Law Enforcement (2081)	\$(12,175.47)	(8,085.47)
COPS (2121)	(18,045.15)	(24,036.88)
OVI (2122)	(476.88)	(1,933.85)
Fire Levy (2401)		(1,321.12)
Storm Water (2501)		(2,093.85)
Furtherance of Justice (2901)	(2,738.64)	(11,714.70)
Booster Station Waterline (4202)	(9,987.00)	(11,059.36)
S.R. 127 Extension & Water Tower (4203)		(12,720.27)
Phase II Augsperger (4502)	(29,980.00)	(27,072.07)
Phase II Storm Water (4503)	(20,765.00)	(85.15)
Enterprise Debt Service (5721)	(12,278.17)	(61,740.72)

**FINDING NUMBER 2005-022**

**Reportable Condition/Material Noncompliance**

26 U.S.C. Sections 3401 through 3406 & Section 3102(a), require employers to withhold federal income taxes and employment related taxes (such as Medicare) from employees' earnings and to remit the withholdings to the U.S. Treasury in a timely manner. During the audit period the Village withheld federal income taxes and related taxes from the employees' earnings, but failed to remit a total of \$15,425 as of December 31, 2005, to the U.S. Treasury. Failure to promptly remit payments could result in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain payments to the Internal Revenue Service (IRS) are paid by the due date.

Ohio Revised Code, Sections 5747.06(A) & 5747.07, provide, in part, that every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax from employees' earnings and to remit the withholdings to the Ohio Department of Taxation in a timely manner. During the audit period the Village withheld state income taxes from the employees' earnings, but failed to remit a total of \$1,881 as of December 31, 2005, to the Ohio Department of Taxation. Failure to promptly remit payments could result in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain payments to the Ohio Department of Taxation are paid by the due date.

Ohio Revised Code, Section 145.47, states, in part, that the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions. During the audit period the Village withheld retirement contributions from the employees' earnings, but failed to remit a total of \$15,920 (including employer portions) as of December 31, 2005, to Ohio Public Employees Retirement System (OPERS). Failure to promptly remit payments could result in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain payments to OPERS are paid by the due date.

**FINDING NUMBER 2005-022**  
**(Continued)**

During the audit period the Village withheld local income taxes (City of Hamilton and Village of New Miami), AFLAC dues, Fraternal Order of Police (FOP) dues, and credit union dues from the employees' earnings, but failed to remit a total of \$1,434, \$266, \$369, and \$300, respectively, as of December 31, 2005, to the various agencies. Failure to promptly remit payments could result in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain payments to the various agencies are paid by the due date.

The Village withheld income tax for the City of Trenton from two employees during the audit period. No payments were made to the City of Trenton during the audit period and, per the Tax Commissioner for the City of Trenton, the Village did not open an account with the City of Trenton until summer of 2006. As of December 31, 2005, the Village owed \$103 for 2004 and 2005 withholdings either to the City of Trenton or to the employees the amounts were originally withheld from. As of December 31, 2005, the Village owed \$39 for 2005 school district withholdings either to the State of Ohio or to the employee the amounts were originally withheld from. Failure to promptly remit payments could result in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain all withholdings are remitted by the due date.

The Village paid penalties and interest on many withholdings payments. During 2004 the Village paid \$1,101, \$886, \$23, and \$43 (total of \$2,053) in penalties and interest due to late payments for Ohio Police & Fire contributions, OPERS contributions, state taxes, and school district taxes, respectively. During 2005 the Village paid \$6,644, \$912, \$48, \$21, and \$2,245 (total of \$9,870) in penalties and interest due to late payments for Ohio Police & Fire contributions, OPERS contributions, state taxes, school district taxes, and federal/FICA taxes respectively. This results in additional monies being required for the Village to meet its normal and recurring obligations. All obligations should be paid by their due date. Failure to promptly remit payments results in unnecessary payments for penalties and interest. We recommend management monitor payment deadlines and ascertain payments to the various agencies are paid by the due date.

**FINDING NUMBER 2005-023**

**Reportable Condition**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacks management oversight in the posting of payroll expenditures. This lack of oversight is illustrated by the following:

- Several payroll expenditures were posted to improper funds. For 2004 adjustments in the amount of \$48,010 were required. For 2005 adjustments in the amount of \$45,666 were required.
- Nearly all withholding expenditures and a few miscellaneous receipts and expenditures were posted to the "9000" account. This account is not designated to a fund. For 2004 adjustments in the amount of \$171,642 were required for withholding expenditures. For 2005 adjustments in the amount of \$187,413 were required for withholding expenditures.
- Withholdings were figured for Ron Lewis' paycheck (Ck. 41449, 6/15/04) and Miles McDaniel's paycheck (Ck. 42073, 10/8/04); however, the checks were both written for the gross amount (net differences of \$58.87 and \$37.46, respectively).
- Elizabeth Reinhart's paycheck (Ck. 41584, 7/12/04) was paid at 34 hours, although only 31 hours were worked (overpayment of \$15.75).

**FINDING NUMBER 2005-023**  
**(Continued)**

- The minutes (5/20/04) state that auxiliary police officers are to be paid for a maximum of 8 hours per shift. Elizabeth Reinhart (Ck. 41584, 7/12/04), Michelle Halcomb (Ck. 41774, 8/11/04) and Donald Deems (Ck. 41826, 8/26/04) were each paid for more than eight hours per shift on their time sheets (overpayments of \$36.75, \$5.25, and \$23.62, respectively).
- Ck. 40823, 2/23/04 and Ck. 40911, 3/8/04 to Juanita Lindy had time sheets attached which were unclear in determining accurate pay. The time sheets did not document any dates and the hours worked per the time sheets did not add up to the hours paid.
- Ck. 42686, 1/14/05 to Bryan Beckner had a time sheet attached which was unclear in determining accurate pay. The time sheet did not document any dates and the hours worked did not add up to the hours paid. Also the hours listed on the paycheck stub did not equal the hours on the time sheet nor did the hours worked per the stub properly recalculate to what was actually paid.
- Jason Testa's paycheck (Ck. 43884, 8/26/05) included 6 hours of overtime. However, the 40 hours worked were over a two-week period (overpayment of \$30).
- Ck. 42162, 10/20/04 to Sherman Niesen: his timesheet indicated 2 shifts were worked, but he was paid for 3 shifts (overpayment of \$30).
- Starting in March 2005 the Village paid school district income taxes withheld to Talawanda School District. However, per the payroll records, only one employee (Linda Hix) had Talawanda School District income tax withheld; her employment did not begin until November 2005.

Monitoring controls should be put into place to help assure that the work performed meets council objectives and is accurate. The following procedures should be implemented:

- Council should receive monthly financial reports, including but not limited to: a list of expenditures paid during the month including the account to which the expenditure is posted. Council should receive these reports prior to the regular meetings so that members have an opportunity to review the information and ask informed questions. Council's approval of these reports should be documented in the minutes.
- Time sheets should be approved by a supervisor of the employee. These time sheets should indicate clearly the dates and hours worked. The hours worked should show the amount of regular hours worked and the amount of overtime hours worked.
- Personnel files should be kept and should contain withholding forms and information on approved pay rates.
- The person processing the payroll should use due care and diligence in the performance of their duties.
- The Village should consider obtaining computerized account software to aid in the processing of payroll. Appropriate individuals should be trained in the use of this software.

**VILLAGE OF NEW MIAMI  
BUTLER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Finding for recovery against Juanita Lindy	No	Not corrected – not repaid as of May 22, 2008.
2003-002	Finding for recovery against Michael Broughton	Yes	
2003-003	Ohio Revised Code Section 733.28, failure to maintain proper books and financial statements	No	Not corrected – reissued as Finding 2005-004
2003-004	Ohio Revised Code Section 5705.09(F), failure to record on-behalf grant monies	No	Not corrected – reissued as Finding 2005-005
2003-005	Ohio Revised Code Section 149.351, failure to maintain accounting records	No	Not corrected – reissued as Finding 2005-006
2003-006	Ohio Revised Code Section 5705.41(D), failure to properly certify funds	No	Not corrected – reissued as Finding 2005-007

2003-007	Ohio Revised Code Section 5705.34, failure to properly authorize necessary tax levies	No	Not corrected – reissued as management letter citation.
	Ohio Revised Code Section 5705.39, appropriations exceeded estimated revenue	No	Not corrected – reissued as Finding 2005-012
	Ohio Revised Code Section 5705.40, failure to properly approve appropriation amendments	Yes	
	Ohio Revised Code Section 5705.36, estimated receipts exceeded actual receipts	No	Not corrected – reissued as Finding 2005-012
	Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriations	No	Not corrected – reissued as Finding 2005-012
	Ohio Revised Code Section 5705.10, negative fund balances	No	Not corrected – reissued as Finding 2005-012
	Failure to properly post estimated receipts and appropriations to the accounting system	No	Not corrected – reissued as Finding 2005-012
2003-008	Ohio Revised Code Section 731.14, failure to use competitive bidding procedures	Yes	
2003-009	Failure to maintain a good control environment	No	Not corrected – reissued as Finding 2005-008
2003-010	Failure to accurately reconcile the bank to the book	No	Not corrected – reissued as Finding 2005-009
2003-011	Failure to have proper monitoring procedures over gasoline credit cards	No	Not corrected – reissued as Finding 2005-011
2003-012	Failure to remit payroll withholdings and contributions in a timely manner	No	Not corrected – reissued as Finding 2005-013



**Mary Taylor, CPA**  
Auditor of State

**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  
JULY 15, 2008**