



Dave Yost • Auditor of State

VILLAGE OF MAINEVILLE
WARREN COUNTY

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Dave Yost • Auditor of State

Village of Maineville
Warren County
8188 South State Route 48
Maineville, Ohio 45039

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

April 26, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Maineville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of Maineville, Warren County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Village of Maineville adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

April 26, 2012

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts					
Property and Other Local Taxes	\$28,390	\$7,382	\$0	\$0	\$35,772
Municipal Income Tax	294,304	0			294,304
Intergovernmental	13,011	48,989	34,779		96,779
Charges for Services	65,022	0			65,022
Fines, Licenses and Permits	22,475	1,580			24,055
Earnings on Investments	3,025	128			3,153
Miscellaneous	9,995	3,795			13,790
<i>Total Cash Receipts</i>	<u>436,222</u>	<u>61,874</u>	<u>34,779</u>	<u>0</u>	<u>532,875</u>
Cash Disbursements					
Current:					
Security of Persons and Property	145,692	2,490			148,182
Community Environment	652	0			652
Basic Utility Services	70,224	0			70,224
Transportation	0	52,855			52,855
General Government	190,914	1,320			192,234
Capital Outlay			34,779		34,779
Debt Service:					
Principal Retirement	7,052	19,347			26,399
Interest and Fiscal Charges	438	4,875			5,313
<i>Total Cash Disbursements</i>	<u>414,972</u>	<u>80,887</u>	<u>34,779</u>	<u>0</u>	<u>530,638</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,250</u>	<u>(19,013)</u>	<u>0</u>	<u>0</u>	<u>2,237</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources				22,585	22,585
Other Financing Uses				(24,615)	(24,615)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(2,030)</u>	<u>(2,030)</u>
<i>Net Change in Fund Cash Balances</i>	<u>21,250</u>	<u>(19,013)</u>	<u>0</u>	<u>(2,030)</u>	<u>207</u>
<i>Fund Cash Balances, January 1</i>	<u>336,036</u>	<u>142,958</u>	<u>0</u>	<u>3,230</u>	<u>482,224</u>
Fund Cash Balances, December 31					
Nonspendable	172				172
Restricted	0	120,726			120,726
Committed	14,550	3,219			17,769
Unassigned (Deficit)	342,564			1,200	343,764
<i>Fund Cash Balances, December 31</i>	<u>\$357,286</u>	<u>\$123,945</u>	<u>\$0</u>	<u>\$1,200</u>	<u>\$482,431</u>

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

VILLAGE OF MAINEVILLE
WARREN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Local Taxes	\$29,196	\$11,773	\$0	\$0	\$40,969
Municipal Income Tax	251,630				251,630
Intergovernmental	13,097	57,625	368,455		439,177
Special Assessments	416				416
Charges for Services	59,520				59,520
Fines, Licenses and Permits	61,708	3,220			64,928
Earnings on Investments	9,200	489			9,689
Miscellaneous		3,339			3,339
Total Cash Receipts	424,767	76,446	368,455	0	869,668
Cash Disbursements:					
Current:					
Security of Persons and Property	172,858	4,186			177,044
Community Environment	7,369				7,369
Basic Utility Service	70,388				70,388
Transportation		43,053			43,053
General Government	190,309	156			190,465
Debt Service:					
Redemption of Principal	7,052	18,132			25,184
Interest and Fiscal Charges	752	6,000			6,752
Capital Outlay		51,370	368,455		419,825
Total Cash Disbursements	448,728	122,897	368,455	0	940,080
Total Receipts Over/(Under) Disbursements	(23,961)	(46,451)	0	0	(70,412)
Other Financing Receipts / (Disbursements):					
Sale of Fixed Assets		3,600			3,600
Other Financing Sources				53,109	53,109
Other Financing Uses				(53,191)	(53,191)
Total Other Financing Receipts / (Disbursements)	0	3,600	0	(82)	3,518
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,961)	(42,851)		(82)	(66,894)
Fund Cash Balances, January 1	359,997	185,809		3,312	549,118
Fund Cash Balances, December 31	\$336,036	\$142,958	\$0	\$3,230	\$482,224
Reserve for Encumbrances, December 31	\$10,353	\$0	\$0	\$0	\$10,353

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Maineville, Warren County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police services. The Village contracts with Rumpke to provide trash services to the Village citizens.

The Village participates in the Ohio Risk Management public entity risk pool. Note 9 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 761 and 725 members as of December 31, 2010 and 2009 (the latest information available) respectively.

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. Deposits

The Village's funds were deposited in a "NOW" checking account and invested in certificates of deposit with a local commercial bank. The Village values its' certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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

Permissive Motor Vehicle License Tax Fund – This fund receives permissive tax money for maintaining and repairing the Village streets.

3. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

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

4. Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for the Mayor's Court Fund - This fund is used to account for monies received and disbursed for licenses, fines and permits collected by the Mayor's Court.

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 fund, function or object 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.

VILLAGE OF MAINEVILLE
WARREN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

Beginning in 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

2. Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For fiscal year 2011, the Village classified fund balances as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54.

3. Equity in Pooled Deposits

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

	2011	2010
Demand deposits	\$225,444	\$227,838
Certificates of deposit	256,987	254,386
Total deposits	\$482,431	\$482,224

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

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$386,820	\$436,222	\$49,402
Special Revenue	52,200	61,874	9,674
Capital Projects	34,779	34,779	0
Total	\$473,799	\$532,875	\$59,076

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$476,776	\$429,522	\$47,254
Special Revenue	99,151	80,887	18,264
Capital Projects	34,779	34,779	0
Total	\$610,706	\$545,188	\$65,518

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$332,419	\$424,767	\$92,348
Special Revenue	69,850	80,046	10,196
Capital Projects	558,381	368,455	(189,926)
Total	\$960,650	\$873,268	(\$87,382)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$474,543	\$459,081	\$15,462
Special Revenue	150,993	122,897	28,096
Capital Projects	558,381	368,455	189,926
Total	\$1,183,917	\$950,433	\$233,484

5. 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.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Local Income Tax

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

The Village contracts with the Regional Income Tax Authority (RITA) for the purpose of administering the tax laws of the Village and collecting income taxes on behalf of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Street Improvement General Obligation Bonds	\$60,800	4.50%
General Obligation Bond (Police Cruiser) 2012	2,793	4.45%
Ford Dump Truck (Lease/Purchase)	12,920	7.20%
Total	\$76,513	

In 2009, the Village issued Street Improvement General Obligation Bonds, Series 2009 in the amount of \$75,000. The proceeds of the bonds were used to finance street improvements to the Village's streets. The bonds will mature over the next eight years at a rate of 4.5%. The Village's taxing authority collateralized the bonds.

In 2007, the Village took out a new Vehicle Acquisition General Obligation Bond. The proceeds from these bonds were used to purchase an additional police cruiser. The bonds will mature in annual amounts of \$7,052, including interest over the next 3 years. These bonds are shown as 2012 on the outstanding debt table. The Village's taxing authority collateralized the bonds.

During 2008, the Village purchased a Ford Dump Truck. The truck was financed through Ford Credit in the amount of \$60,529. The lease purchase agreement requires annual amounts of \$13,857, including interest over the next year.

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

	General Obligation Bonds	Street Improvement General Obligation Bonds	Ford Dump Truck
Year ending December 31:			
2012	\$2,917	\$10,336	\$13,857
2013		10,294	
2014		10,339	
2015-2017		41,257	
Total	\$2,917	\$72,226	\$13,857

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. Beginning January 2010 the Village began picking up a portion of non elected participants contributions. The pick-up began at 2% and increased by 2% each six months. The Village has paid all contributions required through December 31, 2011.

9. Risk Management

Risk Pool Membership

Prior to 2009, the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. Risk Management (Continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

10. Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

11. Related Party Transactions

A Village Council member, Mr. Doug Drook, is owner of a company from which the Village has automotive repair work performed during the year. The Village paid \$3,201 during 2010 and \$3,872 during 2011 for his services. The Village also contracts with Mr. Drook’s wife to clean the Village Hall. The contract amount paid during 2011 and 2010 amounted to \$2,040. Mr. Drook abstained from approving all expenditures relating to his business or his wife’s contract.

VILLAGE OF MAINEVILLE
WARREN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

12. Compliance

The Village did not maintain records in accordance with Ohio Revised Code Section 733.28, 5705.09 (F) and 5705.10(H).

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Dave Yost • Auditor of State

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

Village of Maineville
Warren County
8188 South State Route 48
Maineville, OH 45039

To the Council:

We have audited the financial statements of the Village of Maineville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 26, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. Furthermore, we noted the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-003 described in the accompanying schedule of findings to be a significant deficiency.

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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 26, 2012.

We intend this report solely for the information and use of management, the Village Council and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

April 26, 2012

**VILLAGE OF MAINEVILLE
WARREN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

Noncompliance/Material Weakness

Ohio Rev. Code, Section 5705.09(F) and 5705.10(H), provides that each subdivision shall establish a special fund for each source of revenue derived from a source other than the general property tax which the law requires to be used for a particular purpose and monies paid into any fund shall be used only for the purpose for which such fund is established.

Ohio Rev. Code, Section 733.28, requires the Village Fiscal Officer to maintain the books of the Village and exhibit accurate statements of monies received and expended.

We identified the following conditions:

- During 2010, the Village posted an Ohio Public Works Commission (OPWC) grant in the amount of \$368,175 to the special assessment and miscellaneous line items instead of the intergovernmental line item in the Capital Projects Fund. In addition, Village posted a receipt for \$34,779 from the OPWC to the special assessment line item instead of the intergovernmental line item.
- During 2010 and 2011, the Village posted General Fund cable franchise fees to the miscellaneous revenue line item instead of the fines, licenses, and permits line item in the amount of \$17,461 and \$9,960, respectively.
- During 2010 the Village posted \$3,600 from the sale of a truck to the miscellaneous revenue line item instead of the proceeds from the sale of fixed assets line in the Street Construction and Maintenance Repair Fund.
- During 2010, the Village Administrator's salary was split between the General and Street Fund. The Village did not maintain documentation to support the time the Village Administrator spent working on allowable activities for the Street Construction Maintenance and Repair Fund. This resulted in an audit adjustment of disbursements from the Street Construction Maintenance and Repair fund to the General Fund in the amount of \$5,835.
- During 2010, the Village paid for street lighting from the Street Construction, Maintenance & Repair Fund and Permissive Motor Vehicle License Funds instead of the General Fund. This resulted in an audit adjustment of disbursements from the Street Construction, Maintenance & Repair Fund and Permissive Motor Vehicle License Funds in the amount of \$8,234 and \$670 respectively to the General Fund.
- During 2010, the Village posted \$174 in gas tax funds to the Street Construction, Maintenance, & Repair Fund instead of the State Highway Fund.

The following table reflects the net effect of the adjustments to the Village fund balances:

Fiscal Year	Amount	Posted Fund	Correct Fund
2010	\$8,234	SCMR Fund	General Fund
2010	\$670	PMVL Fund	General Fund
2011	\$7,738	SCMR Fund	General Fund

**FINDING NUMBER 2011-001
(Continued)**

Audit adjustments and reclassifications have been posted to the Village's 2011 and 2010 accounting records and are reflected in the accompanying financial statements.

Failure to accurately document and process expenditures 1) reduces the accountability over Village funds, 2) reduces the Council's ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the financial statements will be misstated.

We recommend the Fiscal Officer accurately maintain the accounting records in accordance with the uniform accounting system prescribe by the Auditor of State and the restricts placed on special revenue funds.

FINDING NUMBER 2011-002

Noncompliance Citation

Ohio Rev. Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void. 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 – The Fiscal Officer 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. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The 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.

**FINDING NUMBER 2011-002
 (Continued)**

The Village did not properly certify the availability of funds for purchase commitments for 3 out of 29 (11%) expenditures tested and none of the exceptions above applied. In addition, the Council did not subsequently approve the commitments within the aforementioned 30 day time period.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Village certify all purchases to which section 5705.41(D) applies. The Fiscal Officer should sign the certification prior to the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. When prior certification is not possible, "then and now" certification should be used. "Then and Now" certificates over \$3,000 should be approved by ordinance or resolution. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2011-003

Significant Deficiency

The Village utilizes the UAN system, but the approved budgetary amounts did not agree to the budgetary amounts recorded in the UAN system as follows:

Year	Certificate of Estimated Resources	Estimated Resources Reported on UAN	Variance
2010	\$1,506,470	\$1,544,291	\$(37,821)
2011	967,697	965,309	2,388

Year	Fund	Approved Appropriations	Appropriations Reported on UAN	Variance
2010	General	\$474,543	\$473,658	\$885
2011	General	476,776	455,471	31,250

Failure to record budgetary changes into the UAN system can lead to misappropriation of funds, makes budgetary monitoring difficult, and can cause misstatement in budgetary presentations. We recommend that the Village post all amendments as approved to the UAN system. This will allow the Village to prevent misappropriation of funds, increase budgetary monitoring controls, and eliminate misstatements in budgetary presentations.

We did not receive a response from officials to the findings above.

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VILLAGE OF MAINEVILLE
WARREN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio revised code 733.28, failure to record revenue accurately	No	Reissued as Finding 2011-001

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Dave Yost • Auditor of State

VILLAGE OF MAINEVILLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 17, 2012