

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO
FINANCIAL STATEMENTS
December 31, 2013 and 2012**



Dave Yost • Auditor of State

Village Council
Village of New Miami
268 Whitaker Avenue
New Miami, OH 45011

We have reviewed the *Independent Auditor's Report* of the Village of New Miami, Butler County, prepared by Joseph Decosimo and Company, LLC, for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of New Miami is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

October 1, 2014

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**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

Council Members
Village of New Miami
Butler County, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of New Miami, Butler County, Ohio, (the Village) which comprise the cash and unencumbered cash for each fund as of December 31, 2013 and 2012, and the related statements of receipts, disbursements and changes in fund balances (cash basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Ohio Auditor of State, whose practices differ from accounting principles generally accepted in the United States of America (GAAP). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of the Ohio Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Ohio Auditor of State.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

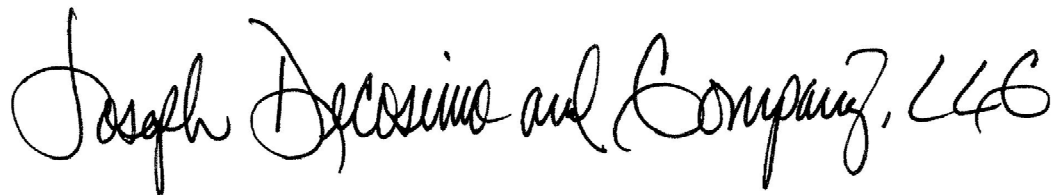
In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the Village as of December 31, 2013 and 2012, and their respective receipts, disbursements, and changes in fund balances (cash basis) for the years then ended, in accordance with the financial reporting provisions of the Ohio Auditor of State described in Note 1.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2014, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Joseph Decasius and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
August 27, 2014

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES**

For the Year Ended December 31, 2013

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
CASH RECEIPTS					
Property and local taxes	\$ 42,975	\$ 109,135	\$ -	\$ -	\$ 152,110
Municipal income tax	112,840	-	-	-	112,840
Intergovernmental	91,277	101,853	-	634,402	827,532
Charges for services	5,830	32,187	-	-	38,017
Fines, licenses and permits	1,408,542	1,003	-	-	1,409,545
Earnings on investments	926	34	-	-	960
Special assessments	-	-	19,218	-	19,218
Miscellaneous	<u>5,232</u>	<u>5,480</u>	<u>-</u>	<u>-</u>	<u>10,712</u>
Total cash receipts	<u>1,667,622</u>	<u>249,692</u>	<u>19,218</u>	<u>634,402</u>	<u>2,570,934</u>
CASH DISBURSEMENTS					
Current -					
Security of persons and property	123,340	81,981	-	-	205,321
Public health service	971	-	-	-	971
Leisure time activities	60,164	-	-	-	60,164
Basic utility services	-	12,120	-	-	12,120
Transportation	68,029	63,658	-	-	131,687
General government	268,964	1,646	-	-	270,610
Debt service -					
Redemption of principal	-	43,441	9,037	-	52,478
Interest and fiscal charges	-	1,183	10,249	-	11,432
Capital outlay	<u>247,199</u>	<u>-</u>	<u>-</u>	<u>634,402</u>	<u>881,601</u>
Total cash disbursements	<u>768,667</u>	<u>204,029</u>	<u>19,286</u>	<u>634,402</u>	<u>1,626,384</u>
Total cash receipts over (under) disbursements	<u>898,955</u>	<u>45,663</u>	<u>(68)</u>	<u>-</u>	<u>944,550</u>
OTHER FINANCING CASH RECEIPTS (DISBURSEMENTS)					
Proceeds from sale of capital assets	<u>70,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,500</u>
NET CHANGE IN FUND CASH BALANCES	969,455	45,663	(68)	-	1,015,050
FUND CASH BALANCES - January 1	<u>700,192</u>	<u>187,353</u>	<u>12,738</u>	<u>-</u>	<u>900,283</u>
FUND CASH BALANCES - December 31					
Restricted	-	233,016	12,670	-	245,686
Assigned	7,405	-	-	-	7,405
Unassigned	<u>1,662,242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,662,242</u>
FUND CASH BALANCES - December 31	<u>\$ 1,669,647</u>	<u>\$ 233,016</u>	<u>\$ 12,670</u>	<u>\$ -</u>	<u>\$ 1,915,333</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) -
ALL GOVERNMENTAL FUND TYPES**

For the Year Ended December 31, 2012

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
CASH RECEIPTS				
Property and local taxes	\$ 40,094	\$ 82,425	\$ -	\$ 122,519
Municipal income tax	113,881	-	-	113,881
Intergovernmental	89,129	105,905	-	195,034
Charges for services	6,879	31,598	-	38,477
Fines, licenses and permits	371,296	1,840	-	373,136
Special assessments	-	-	19,211	19,211
Earnings on investments	495	39	-	534
Miscellaneous	<u>32,552</u>	<u>7,075</u>	-	<u>39,627</u>
Total cash receipts	<u>654,326</u>	<u>228,882</u>	<u>19,211</u>	<u>902,419</u>
CASH DISBURSEMENTS				
Current -				
Security of persons and property	92,337	76,720	-	169,057
Public health service	972	-	-	972
Leisure time activities	33,696	-	-	33,696
Basic utility services	-	12,642	-	12,642
Transportation	29,842	70,434	-	100,276
General government	164,389	1,965	-	166,354
Debt service -				
Redemption of principal	-	54,586	8,785	63,371
Interest and fiscal charges	-	3,733	10,501	14,234
Capital outlay	<u>15,282</u>	<u>22,317</u>	-	<u>37,599</u>
Total cash disbursements	<u>336,518</u>	<u>242,397</u>	<u>19,286</u>	<u>598,201</u>
Total cash receipts over (under) disbursements	<u>317,808</u>	<u>(13,515)</u>	<u>(75)</u>	<u>304,218</u>
OTHER FINANCING CASH RECEIPTS (DISBURSEMENTS)				
Advances in	-	1,498	-	1,498
Advances out	<u>(1,498)</u>	<u>-</u>	<u>-</u>	<u>(1,498)</u>
Other financing receipts (disbursements)	<u>(1,498)</u>	<u>1,498</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND CASH BALANCES	316,310	(12,017)	(75)	304,218
FUND CASH BALANCES - January 1	<u>383,882</u>	<u>199,370</u>	<u>12,813</u>	<u>596,065</u>
FUND CASH BALANCES - December 31				
Restricted	-	187,353	12,738	200,091
Assigned	19,227	-	-	19,227
Unassigned	<u>680,965</u>	<u>-</u>	<u>-</u>	<u>680,965</u>
FUND CASH BALANCES - December 31	<u>\$ 700,192</u>	<u>\$ 187,353</u>	<u>\$ 12,738</u>	<u>\$ 900,283</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES**

For the Year Ended December 31, 2013

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
OPERATING CASH RECEIPTS			
Charges for services	\$ <u>617,092</u>	\$ <u>343,604</u>	\$ <u>960,696</u>
OPERATING CASH DISBURSEMENTS			
Personal services	128,055	-	128,055
Employee fringe benefits	53,103	-	53,103
Contractual services	196,373	-	196,373
Supplies and materials	35,798	-	35,798
Other	<u>6,991</u>	<u>344,646</u>	<u>351,637</u>
Total operating cash disbursements	<u>420,320</u>	<u>344,646</u>	<u>764,966</u>
Operating income (loss)	<u>196,772</u>	<u>(1,042)</u>	<u>195,730</u>
NON-OPERATING CASH RECEIPTS			
Other non-operating cash receipts	<u>39,135</u>	<u>1,594</u>	<u>40,729</u>
NON-OPERATING CASH DISBURSEMENTS			
Debt service -			
Redemption of principal	116,731	-	116,731
Interest and fiscal charges	19,033	-	19,033
Capital outlay	<u>6,401</u>	<u>-</u>	<u>6,401</u>
Total non-operating cash disbursements	<u>142,165</u>	<u>-</u>	<u>142,165</u>
NET CHANGE IN FUND CASH BALANCES	93,742	552	94,294
FUND CASH BALANCES - January 1	<u>89,094</u>	<u>96,017</u>	<u>185,111</u>
FUND CASH BALANCES - December 31	<u>\$ 182,836</u>	<u>\$ 96,569</u>	<u>\$ 279,405</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES**

For the Year Ended December 31, 2012

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
OPERATING CASH RECEIPTS			
Charges for services	\$ <u>593,319</u>	\$ <u>348,151</u>	\$ <u>941,470</u>
OPERATING CASH DISBURSEMENTS			
Personal services	130,031	-	130,031
Employee fringe benefits	58,891	-	58,891
Contractual services	230,280	-	230,280
Supplies and materials	47,571	-	47,571
Other	<u>8,239</u>	<u>347,886</u>	<u>356,125</u>
Total operating cash disbursements	<u>475,012</u>	<u>347,886</u>	<u>822,898</u>
Operating income	<u>118,307</u>	<u>265</u>	<u>118,572</u>
NON-OPERATING CASH RECEIPTS			
Other non-operating cash receipts	<u>45,092</u>	<u>168</u>	<u>45,260</u>
NON-OPERATING CASH DISBURSEMENTS			
Debt service -			
Redemption of principal	120,265	-	120,265
Interest and fiscal charges	25,288	-	25,288
Capital outlay	<u>30,044</u>	<u>-</u>	<u>30,044</u>
Total non-operating cash disbursements	<u>175,597</u>	<u>-</u>	<u>175,597</u>
NET CHANGE IN FUND CASH BALANCES	(12,198)	433	(11,765)
FUND CASH BALANCES - January 1	<u>101,292</u>	<u>95,584</u>	<u>196,876</u>
FUND CASH BALANCES - December 31	<u>\$ 89,094</u>	<u>\$ 96,017</u>	<u>\$ 185,111</u>

The accompanying notes are an integral part of the financial statements.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

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 general governmental services, water and trash utilities, recreation and street maintenance. The Village sewer operations are in the control of Butler County.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool which provides the Village with liability and property insurance coverage. Note 10 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis that 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 financial statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at the share value reported by the mutual funds.

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 NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

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 receipts for construction, maintenance and repair of Village streets.

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

3. Debt Service Funds

These funds account for the resources the Village accumulates to pay bond and note debt. The Village has the following significant Debt Service Funds:

Storm Water Loan Fund - This fund receives special assessment tax revenue to be used for debt service on Ohio Water Development Authority Loan #4403.

Armco Bond Retirement Fund - This fund receives special assessment tax revenue to be used for debt service on Ohio Water Development Authority Loan #4404.

4. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Projects Fund:

New Miami Williamsdale Sewer Project Fund - This fund receives funds from state and county resources for the New Miami/Williamsdale sewer project.

5. Proprietary 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 Proprietary Funds:

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

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trash Fund - This fund receives charges for services from residents to cover trash service costs.

6. Fiduciary Funds

The Village's fiduciary fund consists of agency 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 the collection and distribution of sewer fees are collected by the Village and are 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 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 annual appropriation measures. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

F. Fund Balance

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

The 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.

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 of or which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

H. 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 unused or unpaid leave.

I. Subsequent Events

The Village has evaluated subsequent events for potential recognition and disclosure through August 27, 2014, the date the financial statements were available to be issued.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of deposits and investments as of December 31, 2013 and 2012, are as follows:

	2013	2012
Demand deposits	\$ 1,660,366	\$ 551,358
Money market savings	<u>534,372</u>	<u>534,036</u>
Total deposits and investments	<u>\$ 2,194,738</u>	<u>\$ 1,085,394</u>

Deposits - Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012, are as follows:

	2013			2012		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
General Fund						
Total receipts	\$ 1,689,418	\$ 1,738,122	\$ 48,704	\$ 649,830	\$ 654,326	\$ 4,496
Total expenditures	<u>(945,856)</u>	<u>(776,072)</u>	<u>169,784</u>	<u>(482,997)</u>	<u>(357,243)</u>	<u>125,754</u>
Net change in fund balance	743,562	962,050	218,488	166,833	297,083	130,250
Fund balance at beginning of year	680,965	680,965	-	382,782	382,782	-
Prior year encumbrances appropriated	<u>19,227</u>	<u>19,227</u>	<u>-</u>	<u>1,100</u>	<u>1,100</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,443,754</u>	<u>\$ 1,662,242</u>	<u>\$ 218,488</u>	<u>\$ 550,715</u>	<u>\$ 680,965</u>	<u>\$ 130,250</u>
Special Revenue						
Total receipts	\$ 247,395	\$ 249,692	\$ 2,297	\$ 229,006	\$ 230,380	\$ 1,374
Total expenditures	<u>(238,860)</u>	<u>(204,780)</u>	<u>34,080</u>	<u>(257,046)</u>	<u>(242,739)</u>	<u>14,307</u>
Net change in fund balance	8,535	44,912	36,377	(28,040)	(12,359)	15,681
Fund balance at beginning of year	187,011	187,011	-	198,103	198,103	-
Prior year encumbrances appropriated	<u>342</u>	<u>342</u>	<u>-</u>	<u>1,267</u>	<u>1,267</u>	<u>-</u>
Fund balance at end of year	<u>\$ 195,888</u>	<u>\$ 232,265</u>	<u>\$ 36,377</u>	<u>\$ 171,330</u>	<u>\$ 187,011</u>	<u>\$ 15,681</u>

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY - continued

	2013			2012		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
Debt Service						
Total receipts	\$ 19,218	\$ 19,218	\$ -	\$ 19,211	\$ 19,211	\$ -
Total expenditures	<u>(19,300)</u>	<u>(19,286)</u>	<u>14</u>	<u>(19,701)</u>	<u>(19,286)</u>	<u>415</u>
Net change in fund balance	(82)	(68)	14	(490)	(75)	415
Fund balance at beginning of year	12,738	12,738	-	12,813	12,813	-
Prior year encumbrances appropriated	-	-	-	-	-	-
Fund balance at end of year	<u>\$ 12,656</u>	<u>\$ 12,670</u>	<u>\$ 14</u>	<u>\$ 12,323</u>	<u>\$ 12,738</u>	<u>\$ 415</u>
Capital Project						
Total receipts	\$ 634,402	\$ 634,402	\$ -	\$ -	\$ -	\$ -
Total expenditures	<u>(634,402)</u>	<u>(634,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Enterprise Fund						
Total receipts	\$ 637,300	\$ 656,227	\$ 18,927	\$ 629,817	\$ 638,411	\$ 8,594
Total expenditures	<u>(628,200)</u>	<u>(567,058)</u>	<u>61,142</u>	<u>(693,926)</u>	<u>(659,091)</u>	<u>34,835</u>
Net change in fund balance	9,100	89,169	80,069	(64,109)	(20,680)	43,429
Fund balance at beginning of year	80,612	80,612	-	92,560	92,560	-
Prior year encumbrances appropriated	<u>8,482</u>	<u>8,482</u>	<u>-</u>	<u>8,732</u>	<u>8,732</u>	<u>-</u>
Fund balance at end of year	<u>\$ 98,194</u>	<u>\$ 178,263</u>	<u>\$ 80,069</u>	<u>\$ 37,183</u>	<u>\$ 80,612</u>	<u>\$ 43,429</u>

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY - continued

The Village had outstanding encumbrances for the years ended December 31, 2013 and 2012, as follows:

Fund Type	2013	2012
General	\$ 7,405	\$ 19,227
Special revenue	751	342
Enterprise fund	<u>4,573</u>	<u>8,482</u>
Total	<u>\$ 12,729</u>	<u>\$ 28,051</u>

4. 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 that 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 on December 31. The second half payment is due on the following June 20.

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.75% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

6. DEBT

Debt outstanding as of December 31, 2013, is as follows:

	Principal	Interest Rate
OWDA 1988 Pure Water Loan (1783)	\$ 128,388	7.59 %
OWDA 1988 Pure Water Catch-up Loan (1784)	1,963	7.59 %
OWDA 2003 Waterline Extension Loan (3909)	27,677	4.28 %
OWDA 2005 Phase II Stormwater Improvements Loan (4403)	195,121	3.79 %
OWDA 2005 Waterline Extension Loan (4404)	66,224	3.79 %
OWDA 2007 Well Rehabilitation Loan (4670)	46,503	1.50 %
OWDA 2009 Water Tower Loan (5100)	46,769	4.45 %
OPWC 2006 Booster Station Improvement Loan (CJ06J)	48,750	- %
OPWC 2006 Augspurgen Waterline Improvement Loan (CJ05J)	76,725	- %
OPWC 2007 Water Supply Improvements Loan (CJ01K)	54,000	- %
OPWC 2009 Storm Sewer Improvements Phase II Loan (CJ24M)	250,002	- %
OPWC 2011 Water Supply/Water Storage Phase III Loan (CJ39M)	<u>233,750</u>	- %
Total	<u>\$ 1,175,872</u>	

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. The loan is being repaid in semi-annual installments of \$6,393, including interest, over 30 years. The last payment is due January 1, 2037. The OWDA loan is collateralized by special assessment fees. Loan payments are being paid from Fund 3101-Storm Water Loan Debt Service.

The OWDA 2005 Waterline Extension Loan (4404) relates to a waterline extension project. The total amount of the loan awarded was \$90,549. The loan is being repaid in semi-annual installments of \$3,249, including interest, over 20 years. The last payment is due January 1, 2027. The OWDA loan is collateralized by special assessment fees. Loan payments are being paid from Fund 3102-Armco Bond Retirement Debt Service.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

6. DEBT - continued

The OWDA 2007 Well Rehabilitation Loan (4670) relates to a well rehabilitation project. The total amount of the loan awarded was \$65,760. The loan is being repaid in semi-annual installments of \$1,909, including interest, over 20 years. The last payment is due July 1, 2027. The OWDA loan is collateralized by water receipts. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OWDA 2009 Water Tower Loan (5100) relates to the replacement of the Village's water tower. The total amount of the loan awarded was \$60,000. The loan is to be repaid in semi-annual installments of \$3,254, including interest, over 12 years. The OWDA loan is collateralized by water receipts. The first payment is due January 1, 2011, with the final payment due July 1, 2022.

The Ohio Public Works Commission (OPWC) 2006 Loan (CJ06J) relates to the booster station improvement. The total amount of the loan awarded was \$65,000. The loan is to be repaid in semi-annual installments of \$1,625 over 20 years. The last payment is due January 1, 2029. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OPWC 2006 Loan (CJ05J) relates to the Augspurgen waterline improvement project. The total amount of the loan awarded was \$99,000. The loan is to be repaid in semi-annual installments of \$2,475 over 20 years. The last payment is due July 1, 2029. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OPWC 2007 Loan (CJ01K) relates to water supply improvements. The total amount of the loan awarded was \$60,000. The loan will be repaid in semi-annual installments of \$1,000 over 30 years. The last payment is due July 1, 2031. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

The OPWC 2009 Loan (CJ24M) relates to the storm sewer improvements project. The total amount of the loan awarded was \$300,000. As of December 31, 2011, the Village has drawn \$270,272 on this loan. The loan will be repaid in semi-annual installments over 20 years. A payment amount and amortization schedule will be computed by OPWC upon completion of the project. An amortization schedule has not been established for the OPWC 2009 Storm Sewer Improvements (CJ24M).

The OPWC 2011 Loan (CJ39M) relates to water supply and water storage improvements. The total amount of the loan awarded was \$275,000. The loan will be repaid in semi-annual installments of \$6,875 over 30 years. The last payment is due July 1, 2042. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

6. DEBT - continued

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

	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 Loan (4403)
Years ending				
December 31, 2014	\$ 47,153	\$ 717	\$ 3,414	\$ 6,393
December 31, 2015	94,306	1,434	6,827	12,786
December 31, 2016	-	-	6,827	12,786
December 31, 2017	-	-	6,827	12,786
December 31, 2018	-	-	6,827	12,786
December 31, 2019-2023	-	-	-	63,930
December 31, 2024-2028	-	-	-	63,930
December 31, 2029-2033	-	-	-	63,930
December 31, 2034-2037	-	-	-	44,751
Total	<u>\$ 141,459</u>	<u>\$ 2,151</u>	<u>\$ 30,722</u>	<u>\$ 294,078</u>

	OWDA 2005 Waterline Extension Loan (4404)	OWDA 2007 Well Rehabilitation Loan (4670)	OWDA 2009 Water Tower Loan (5100)	OPWC 2006 Booster Station Improvement Loan (CJ06J)
Years ending				
December 31, 2014	\$ 3,250	\$ 1,909	\$ 3,334	\$ 1,625
December 31, 2015	6,499	3,818	6,668	3,250
December 31, 2016	6,498	3,818	6,668	3,250
December 31, 2017	6,499	3,818	6,668	3,250
December 31, 2018	6,500	3,818	6,668	3,250
December 31, 2019-2023	32,492	19,090	26,672	16,250
December 31, 2024-2028	22,750	15,272	-	16,250
December 31, 2029	-	-	-	1,625
Total	<u>\$ 84,488</u>	<u>\$ 51,543</u>	<u>\$ 56,678</u>	<u>\$ 48,750</u>

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

6. DEBT - continued

	OPWC 2006 Augspurger Waterline Improvement Loan (CJ05J)	OPWC 2007 Water Supply Improvement Loan (CJ01K)	OPWC 2011 Water Supply Phase III Loan (CJ39M)	OPWC 2009 Water Supply Phase III Loan (CJ24M)
Years ending				
December 31, 2014	\$ 2,475	\$ 1,000	\$ 6,875	\$ 6,756
December 31, 2015	4,950	2,000	13,750	13,514
December 31, 2016	4,950	2,000	13,750	13,514
December 31, 2017	4,950	2,000	13,750	13,514
December 31, 2018	4,950	2,000	13,750	13,514
December 31, 2019-2023	24,750	10,000	68,750	67,568
December 31, 2024-2028	24,750	10,000	68,750	67,568
December 31, 2029-2033	4,950	10,000	34,375	54,054
December 31, 2034-2038	-	10,000	-	-
December 31, 2039-2041	-	5,000	-	-
Total	<u>\$ 76,725</u>	<u>\$ 54,000</u>	<u>\$ 233,750</u>	<u>\$ 250,002</u>

7. FUND CASH BALANCES

The Village's fund cash balances for all governmental funds are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources. The constraints of the fund cash balances as of December 31, 2013, are as follows:

	General Fund	Special Revenue	Debt Service	Totals (Memorandum Only)
Restricted -				
Road maintenance and improvements	\$ -	\$ 79,561	\$ -	\$ 79,561
Basic utility services	-	113,453	-	113,453
Drug and alcohol education and enforcement	-	6,492	-	6,492
Police operations	-	20,788	-	20,788
Fire operations	-	12,722	-	12,722
Debt service	-	-	12,670	12,670
Assigned -				
Utilities	1,844	-	-	1,844
Salaries and benefits	1,036	-	-	1,036
Professional Services	3,110	-	-	3,110
Advertising	132	-	-	132
Motor Vehicles	1,283	-	-	1,283
Unassigned	<u>1,662,242</u>	<u>-</u>	<u>-</u>	<u>1,662,242</u>
Total	<u>\$ 1,669,647</u>	<u>\$ 233,016</u>	<u>\$ 12,670</u>	<u>\$ 1,915,333</u>

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS**

7. FUND CASH BALANCES - continued

The constraints of the fund cash balances as of December 31, 2012, are as follows:

	General Fund	Special Revenue	Debt Service	Totals (Memorandum Only)
Restricted -				
Road maintenance and improvements	\$ -	\$ 58,414	\$ -	\$ 58,414
Basic utility services	-	106,899	-	106,899
Drug and alcohol education and enforcement	-	5,701	-	5,701
Police operations	-	16,337	-	16,337
Fire operations	-	2	-	2
Debt service	-	-	12,738	12,738
Assigned -				
Utilities	1,693	-	-	1,693
Professional Services	2,200	-	-	2,200
Supplies	46	-	-	46
Equipment	15,288	-	-	15,288
Unassigned	<u>680,965</u>	<u>-</u>	<u>-</u>	<u>680,965</u>
Total	<u>\$ 700,192</u>	<u>\$ 187,353</u>	<u>\$ 12,738</u>	<u>\$ 900,283</u>

8. INTERFUND TRANSFERS AND ADVANCES

Interfund activity for the year ended December 31, 2012, was as follows:

Advances to Fund	Advances from Fund	
Fire Levy Special Revenue Fund	General Fund	<u>\$ 1,498</u>

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During 2012, the General Fund advanced \$1,498 to the Fire Levy Special Revenue Fund to cover any fund shortfalls.

The Fire Fund had outstanding interfund obligations (from prior advances) to the General Fund in the amount of \$5,126 as of December 31, 2012 and 2013, respectively.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**

NOTES TO FINANCIAL STATEMENTS

9. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

10. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formally known as Ohio Government Risk Management Plan, (the Plan) a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

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.

OPRM coverage programs 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 41.5% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011, respectively. The Village participates 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.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
NOTES TO FINANCIAL STATEMENTS

10. RISK MANAGEMENT - continued

The Plan's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities and members' equity as of December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$ 13,100,381	\$ 12,501,280
Liabilities	<u>(6,687,193)</u>	<u>(5,328,761)</u>
Members' equity	\$ <u>6,413,188</u>	\$ <u>7,172,519</u>

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

11. CONTINGENT LIABILITIES

The Village is party to several lawsuits concerning the use of speed cameras to issue citations. The use of speed cameras was implemented by the Village in October of 2012. The lawsuits seek to have all fees from citations issued as a result of the speed cameras, returned to the payers and an award of attorney fees to the claimants.

On July 14, 2014, the court stayed all further proceedings on the case until related issues in other traffic camera cases are resolved by the Ohio Supreme Court. Until the final court rulings are complete, as of August 27, 2014, it is unclear if, and how much restitution will be required of the Village. As a result, the Village is currently unable to determine what effect, if any, this decision will have on its future funding and on its financial operations.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Council Members
Village of New Miami
Butler County, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of New Miami, Butler County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated August 27, 2014, in which it is noted that the Village prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is a basis other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 corrected on a timely basis. 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 the deficiency described in finding 2013-001 in the accompanying schedule of findings and responses to be a material weakness.

Compliance and Other Matters

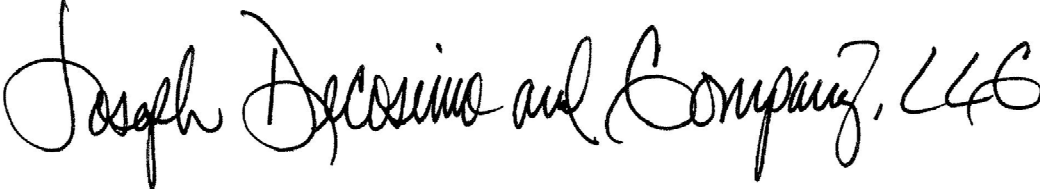
As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village's Responses to Findings

The Village's response to the finding identified in our audits is described in the accompanying schedule of findings and responses. The Village's response was not subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Joseph Decasimo and Company, LLC". The signature is written in a cursive, flowing style.

Cincinnati, Ohio
August 27, 2014

**VILLAGE OF NEW MIAMI,
HAMILTON COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2013 and 2012

FINDING NUMBER 2013-001 - Material Weakness - Internal Control - Bank Reconciliation Review

CRITERIA

An entity's internal control should be designed to prevent or detect and correct misstatements in the financial statement assertions. Maintaining an appropriate system of internal controls over treasury functions, including a review of the bank reconciliation, is an essential element of effective internal control over financial reporting.

The definition of internal control used in Statement on Auditing Standards No. 109, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, is based on the Committee of Sponsoring Organization's (COSO) Internal Control - Integrated Framework. Internal Control is defined as a process - affected by those charged with governance, management and other personnel - designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Internal control is comprised of five interrelated components:

- Control Environment - Represents management's commitment to control.
- Risk Assessment - Involves the policies and procedures that management uses to identify and manage the risk that the financial statements might be misstated.
- Information and Communication - Consist of the following:
 - ◆ The accounting system, including procedures, whether automated or manual, and records to initiate, authorize, record, process and report transactions, events and conditions and maintain accountability for assets, liabilities and equity.
 - ◆ The entity's methods for providing an understanding to its staff of individual rules and responsibilities pertaining to internal control.
- Control Activities - Policies and procedures put in place to make sure that management's directives are carried out.
- Monitoring - Process to assess the quality of internal control performance.

CONDITION

During our testwork, we noted that one staff member is responsible for: drafting checks, reconciling the bank statements, and posting all journal entries to the general ledger. The Village does have a mitigating control in the form of dual signers, however, there is no review of the bank reconciliations by management or the Council.

CAUSE

Due to the lack of staffing, the Village does not always have personnel available to perform an independent review of the bank reconciliation.

**VILLAGE OF NEW MIAMI,
HAMILTON COUNTY, OHIO**

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2013 and 2012

EFFECT

In the absence of an independent review of the bank reconciliation, fraud, error or omission, material or immaterial to the financial statements taken as whole, may occur and may not be detected by employees in the normal course of their duties.

RECOMMENDATION

Management should review and update its policies and procedures to ensure that a review of the bank reconciliation is performed by an individual not involved with the transactional process.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

The Village concurs with this finding.

**VILLAGE OF NEW MIAMI,
BUTLER COUNTY, OHIO**
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; Explain
2009-001	Finding for recovery against Joseph Ebbing	No	Not corrected - not repaid as of August 27, 2014.

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Dave Yost • 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
OCTOBER 14, 2014**