



Dave Yost • Auditor of State



VILLAGE OF CLEVES  
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2015 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2015 .....	4
Notes to the Financial Statements For the Year Ended December 31, 2015 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2014 .....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2014 .....	16
Notes to the Financial Statements For the Year Ended December 31, 2014 .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Schedule of Findings.....	29
Schedule of Prior Audit Findings.....	33

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Cleves  
Hamilton County  
101 North Miami Avenue  
Cleves, Ohio 45002

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cleves, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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 the Village as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Cleves, Hamilton County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

April 7, 2017

**Village of Cleves, Ohio**  
*Hamilton County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2015*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$632,403	\$60,144	\$0	\$692,547
Intergovernmental	123,849	129,223	796,850	1,049,922
Special Assessments	53,158	0	0	53,158
Charges for Services	37,753	2,374	0	40,127
Fines, Licenses and Permits	71,503	44,688	0	116,191
Earnings on Investments	524	0	0	524
Miscellaneous	1,028	6,830	0	7,858
<i>Total Cash Receipts</i>	<u>920,218</u>	<u>243,259</u>	<u>796,850</u>	<u>1,960,327</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	511,380	21,836	0	533,216
Public Health Services	3,307	0	0	3,307
Leisure Time Activities	1,821	29,203	0	31,024
Community Environment	22,817	0	0	22,817
Basic Utility Services	836	7,930	0	8,766
Transportation	89,332	159,246	0	248,578
General Government	233,191	7	0	233,198
Capital Outlay	0	338	1,872,413	1,872,751
Debt Service:				
Principal Retirement	34,315	18,578	0	52,893
Interest and Fiscal Charges	4,993	2,990	0	7,983
<i>Total Cash Disbursements</i>	<u>901,992</u>	<u>240,128</u>	<u>1,872,413</u>	<u>3,014,533</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,226</u>	<u>3,131</u>	<u>(1,075,563)</u>	<u>(1,054,206)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	0	0	1,063,577	1,063,577
Sale of Capital Assets	3,000	0	0	3,000
Transfers In	0	14,000	0	14,000
Transfers Out	(14,000)	0	0	(14,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,000)</u>	<u>14,000</u>	<u>1,063,577</u>	<u>1,066,577</u>
<i>Net Change in Fund Cash Balances</i>	7,226	17,131	(11,986)	12,371
<i>Fund Cash Balances, January 1</i>	<u>322,037</u>	<u>17,749</u>	<u>12,061</u>	<u>351,847</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	0	0
Restricted	0	30,168	75	30,243
Committed	0	0	0	0
Assigned	0	4,712	0	4,712
Unassigned (Deficit)	329,263	0	0	329,263
<i>Fund Cash Balances, December 31</i>	<u>\$329,263</u>	<u>\$34,880</u>	<u>\$75</u>	<u>\$364,218</u>

**Village of Cleves, Ohio**  
*Hamilton County*  
**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)**  
*All Proprietary and Fiduciary Fund Types*  
For the Year Ended December 31, 2015

	Proprietary Fund Types	Fiduciary Fund Types	Totals  (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,216,880	\$1,011,962	\$2,228,842
Fines, Licenses and Permits	\$3,932	\$0	3,932
<i>Total Operating Cash Receipts</i>	<u>1,220,812</u>	<u>1,011,962</u>	<u>2,232,774</u>
<b>Operating Cash Disbursements</b>			
Personal Services	289,572	0	289,572
Employee Fringe Benefits	118,755	0	118,755
Contractual Services	253,035	962,530	1,215,565
Supplies and Materials	252,975	0	252,975
<i>Total Operating Cash Disbursements</i>	<u>914,337</u>	<u>962,530</u>	<u>1,876,867</u>
<i>Operating Income (Loss)</i>	<u>306,475</u>	<u>49,432</u>	<u>355,907</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	102	0	102
Capital Outlay	(9,924)	0	(9,924)
Principal Retirement	(129,243)	0	(129,243)
Interest and Other Fiscal Charges	(94,401)	0	(94,401)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(233,466)</u>	<u>0</u>	<u>(233,466)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	73,009	49,432	122,441
Transfers In	14,743	0	14,743
Transfers Out	0	(14,743)	(14,743)
<i>Net Change in Fund Cash Balances</i>	87,752	34,689	122,441
<i>Fund Cash Balances, January 1</i>	<u>129,549</u>	<u>76,239</u>	<u>205,788</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$217,301</u></u>	<u><u>\$110,928</u></u>	<u><u>\$328,229</u></u>



**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 Cleves, Hamilton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with Miami Township to receive fire protection services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:  
*Public Entities Pool of Ohio (PEP)*

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

The Village records certificates of deposit and money market funds 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Municipal Road Fund – This fund receives intergovernmental revenue from Hamilton County and is used for construction, maintenance and repair of Village streets.

Park and Recreation Fund – This fund receives permit and services revenue to operate and maintain Village parks.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Grant Construction Fund – This fund uses monies from OPWC state grants to fund construction projects in the Village.

**4. Enterprise Funds**

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

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

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

Garbage and Recycling Fund – This fund receives charges for services from residents to cover garbage and recycling collection service costs.

Water Works Expansion – This fund uses monies from OWDA loans for a water main replacement project.

Water Works Valve Replacement – This fund uses monies from an OWDA loan for a valve replacement project.

Water Works Multi-Project – This fund uses monies from an OWDA loan for several water works projects.

VILLAGE OF CLEVES  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. **Fiduciary Funds**

Fiduciary funds include 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 directed by the individual, organization or other government. The Village had the following Agency Funds:

Metropolitan Sewer District Agency Fund – This fund receives charges for services from residents on behalf of the Metropolitan Sewer District of Greater Cincinnati (MSD) to cover the cost of providing sewer service by MSD to residents residing within the Village. The Village remits 93% percent of amounts billed to customers to MSD and retains 7% percent as an administrative fee for the billing and collection process.

Mayors Court Fund – This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are disbursed to various agencies as prescribed by the Ohio Revised Code.

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. 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 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 2015 budgetary activity appears in Note 3.

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:

VILLAGE OF CLEVES  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**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 unpaid leave.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

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

	2015
Demand deposits	\$320,154
Money Market	372,230
Total deposits	692,384

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$931,728	\$923,218	(\$8,510)
Special Revenue	247,605	257,259	9,654
Capital Projects	388,980	1,860,427	1,471,447
Enterprise	1,162,075	1,235,657	73,582
Fiduciary	1,050,000	1,011,962	(38,038)
Total	\$3,780,388	\$5,288,523	\$1,508,135

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,265,700	\$915,992	\$349,708
Special Revenue	265,353	240,128	25,225
Capital Projects	389,043	1,872,413	(1,483,370)
Enterprise	1,291,624	1,147,905	143,719
Fiduciary	1,126,239	977,273	148,966
Total	\$4,337,959	\$5,153,711	(\$815,752)

**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 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.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	574,638	6.41%
Various Purpose Refunding and Improvement Bonds, Series 2008	162,033	3.61%
Vehicle Acquisition General Obligation Bonds, Series 2014	24,309	2.67%
Vehicle Acquisition General Obligation Bonds, Series 2010	0	3.50%
OPWC GMRC Water Main Replacement Loan	270,000	0%
OPWC River Rd./Miami Ave. Water Main Replacement Loan	140,650	0%
OWDA Elizabethtown Water Main Phase I Loan	805,522	2.00%
OWDA Elizabethtown Water Main Phase II Loan	354,021	2.00%
OWDA Elizabethtown Water Main Phase III Loan	1,101,933	2.00%
Water Main Acquisition General Obligation Bonds, Series 2012	43,600	2.62%
Building Acquisition General Obligation Bonds, Series 2013	86,100	2.80%
OWDA Valve Replacement Loan	355,741	3.62%
OWDA Multi-Project Loan	342,833	2.78%
OWDA Jackson/Hooven/E. State/ St. Anne's Water Main Loan	550,242	2.78%
Total	<u><u>\$4,811,622</u></u>	

The Ohio Water Development Authority (OWDA) loan was issued for the purpose of constructing a water plant. The OWDA approved the final loan amount of \$941,229 for this project. This project was completed in 2002. The loan will be repaid semiannually over a period of 25 years.

The Various Purpose Refunding and Improvement Bonds, Series 2008, were issued for the purpose of (i) refunding bonds originally issued for the purpose of paying the cost of a vehicle for the Village and equipment (\$46,000 Vehicle Acquisition Refunding Bonds, Series 2008); (ii) refunding bonds originally issued for the purpose of paying the cost of a vehicle for the police department and equipment (\$17,707 Police Cruiser Refunding Bonds, Series 2008); (iii) refunding bonds originally issued for the purpose of paying the costs of a vehicle for the police department and equipment (\$20,863 Vehicle Acquisition Refunding Bonds, Series 2008); (iv) refinancing notes originally issued for the purpose of paying part of the cost of making improvements to Westgate Street in the Village (\$181,535 Westgate Street Improvement Bonds, Series 2008); (v) refinancing notes originally issued for the purpose of financing Westgate Street Geotechnical Study, Main Street Reconstruction and State Route 64 Improvements in the Village (\$71,683 Road Improvement Bonds, Series 2008); (vi) refinancing notes originally issued for paying part of the cost of construction improvements to Timberline Road in the Village (\$60,000 Timberline Road Improvement Bonds, Series 2008); and paying issuance expenses. The bonds were issued in a total amount of \$664,291 are payable in varying amounts through December 1, 2018

The Vehicle Acquisition General Obligation Bonds, Series 2014, were issued for the purchase of a Bobcat Loader. The loan will be repaid semiannually over a period of 15 years.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**5. DEBT (Continued)**

The OPWC Great Miami River Crossing Water Main Replacement Loan was issued for the purpose of constructing a water main. The OPWC approved the final loan amount of \$300,000 to be repaid semiannually over 30 years.

The OPWC River Road and Miami Avenue Water Main Replacement Loan was issued for the purpose of constructing a water main. The OPWC approved a final loan amount of \$156,278 which will be repaid semiannually over 30 years.

The OWDA Elizabethtown Water Main Phase I Loan was issued for the purpose of constructing a water main. The OWDA approved the final amount of \$836,610. This will be repaid semiannually over 30 years.

The OWDA Elizabethtown Water Main Phase II Loan was issued for the purpose of continuing construction of a water main. The OWDA approved the final amount of \$362,954. This will be repaid semiannually over 30 years.

The OWDA Elizabethtown Water Main Phase III Loan was issued for the purpose of continuing construction of a water main. The OWDA approved the final amount of \$1,125,804 which will be repaid semiannually over 20 years.

The Water Main Acquisition General Obligations Bonds, Series 2012, were issued for the purpose of financing the acquisition and construction of a water main replacement for the Village. The bonds were issued in a total amount of \$60,000 which will be repaid semiannually for 10 years.

The Building Acquisition General Obligation Bonds, Series 2013, were issued for the purpose of financing the acquisition of a building to be used for the water works department. The bonds were issued in a total amount of \$100,200 which will be repaid semiannually over 10 years.

The OWDA Valve Replacement Loan was issued for the purpose of a water works valve replacement project. The OWDA approved the final amount of \$362,590 which will be repaid semiannually for 30 years.

The OWDA Multi-Project Loan was issued for the purpose of financing of the costs of several water works projects. The OWDA approved the final amount of \$351,134 which will be repaid semiannually for 20 years.

The OWDA Jackson/Hooven/E. State/St. Anne's Water Main Loan was issued for the purpose of replacing and installing water mains in several areas. The OWDA approved the amount of \$767,128 which will be repaid semiannually for 20 years.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	Water Plant OWDA Loan	Various Purpose			
		Refunding and Improvement Bonds	Vehicle Acquisition General Obligation Bonds	OPWC GMRC Water Main Loan	OPWC River Rd. Miami Ave. Water Main Loan
2016	\$76,036	\$56,938	\$4,387	\$10,000	\$5,209
2017	76,036	57,488	4,387	10,000	5,209
2018	76,036	58,039	4,385	10,000	5,209
2019	76,036		4,384	10,000	5,209
2020	76,036		4,383	10,000	5,209
2021-2025	380,179		4,381	50,000	26,046
2026-2030	38,018			50,000	26,046
2031-2035				50,000	26,046
2035-2040				50,000	26,046
2041-2045				20,000	10,421
Total	<u>\$798,377</u>	<u>\$172,465</u>	<u>\$26,307</u>	<u>\$270,000</u>	<u>\$140,650</u>

Year ending December December 31:	Water	
	Building Acquisition GO Bonds	Main Acquisition GO Bonds
2016	\$12,142	\$6,807
2017	12,068	6,855
2018	12,085	6,899
2019	12,095	6,839
2020	12,096	6,875
2021-2025	36,211	13,738
2026-2030		
2031-2035		
2036-2040		
Total	<u>\$96,697</u>	<u>\$48,013</u>

The proceeds of the following loans have not been fully disbursed - OWDA Elizabethtown Water Main Phase I, II and III, OWDA Valve Replacement Loan, OWDA Multi-Project Loan and OWDA Jackson/Hooven/E. State/St. Anne's Water Main Loan. OWDA will provide an amortization schedule for each when the Village receives the total proceeds of each loan. The Village will disclose future principal and interest requirements at that time.

**6. 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.



**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2015, OP&F participants contributed 12.25% of their wages. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village of Cleves' policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2015:

	<u>2015</u>
Cash and investments	\$38,307,677
Actuarial liabilities	\$12,759,127

**8. SUBSEQUENT EVENTS**

The following debt has been issued since December 31, 2015:

- OPWC Loan for the Laurelwood Drive Improvement Project in the amount of \$95,460;
- Two loans through the Emery Credit Union for the purchase of two new vehicles for the Police Department. Each loan is for \$32,672 for a total of \$65,344.

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**Village of Cleves, Ohio**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2014*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$625,120	\$60,412	\$0	\$685,532
Intergovernmental	121,723	107,436	0	229,159
Special Assessments	43,365	0	0	43,365
Charges for Services	43,664	6,133	0	49,797
Fines, Licenses and Permits	90,750	42,553	0	133,303
Earnings on Investments	824	1	0	825
Miscellaneous	13,801	11,071	0	24,872
<i>Total Cash Receipts</i>	<u>939,247</u>	<u>227,606</u>	<u>0</u>	<u>1,166,853</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	544,852	23,548	0	568,400
Public Health Services	3,153	0	0	3,153
Leisure Time Activities	0	50,987	0	50,987
Community Environment	21,690	0	0	21,690
Basic Utility Services	1,703	1,830	0	3,533
Transportation	83,139	273,254	0	356,393
General Government	259,497	9	0	259,506
Capital Outlay	0	844	1,417,565	1,418,409
Debt Service:				
Principal Retirement	33,109	13,828	0	46,937
Interest and Fiscal Charges	6,526	2,792	0	9,318
<i>Total Cash Disbursements</i>	<u>953,669</u>	<u>367,092</u>	<u>1,417,565</u>	<u>2,738,326</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,422)</u>	<u>(139,486)</u>	<u>(1,417,565)</u>	<u>(1,571,473)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes	0	28,000	0	28,000
Other Debt Proceeds	0	0	1,417,565	1,417,565
Sale of Capital Assets	200	0	0	200
Transfers In	0	7,600	0	7,600
Transfers Out	(7,600)	0	0	(7,600)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(7,400)</u>	<u>35,600</u>	<u>1,417,565</u>	<u>1,445,765</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,822)</u>	<u>(103,886)</u>	<u>0</u>	<u>(125,708)</u>
<i>Fund Cash Balances, January 1</i>	<u>343,859</u>	<u>121,635</u>	<u>12,061</u>	<u>477,555</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable	0	0	0	0
Restricted	0	16,407	12,061	28,468
Committed	0	0	0	0
Assigned	0	1,342	0	1,342
Unassigned (Deficit)	322,037	0	0	322,037
<i>Fund Cash Balances, December 31</i>	<u>\$322,037</u>	<u>\$17,749</u>	<u>\$12,061</u>	<u>\$351,847</u>

**Village of Cleves, Ohio**  
*Hamilton County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2014*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,089,249	\$1,008,552	\$2,097,801
Fines, Licenses and Permits	\$4,338	\$0	4,338
<i>Total Operating Cash Receipts</i>	<u>1,093,587</u>	<u>1,008,552</u>	<u>2,102,139</u>
<b>Operating Cash Disbursements</b>			
Personal Services	294,239	0	294,239
Employee Fringe Benefits	130,871	0	130,871
Contractual Services	256,572	985,076	1,241,648
Supplies and Materials	213,764	0	213,764
<i>Total Operating Cash Disbursements</i>	<u>895,446</u>	<u>985,076</u>	<u>1,880,522</u>
<i>Operating Income (Loss)</i>	<u>198,141</u>	<u>23,476</u>	<u>221,617</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(39,680)	0	(39,680)
Principal Retirement	(79,506)	0	(79,506)
Interest and Other Fiscal Charges	(54,864)	0	(54,864)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(174,050)</u>	<u>0</u>	<u>(174,050)</u>
<i>Income (Loss)</i>	24,091	23,476	47,567
<i>Net Change in Fund Cash Balances</i>	24,091	23,476	47,567
<i>Fund Cash Balances, January 1</i>	<u>105,458</u>	<u>52,763</u>	<u>158,221</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$129,549</u></u>	<u><u>\$76,239</u></u>	<u><u>\$205,788</u></u>

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014**

**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 Cleves, Hamilton County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, park operations, and police services. The Village contracts with Miami Township to receive fire protection services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:  
*Public Entities Pool of Ohio (PEP)*

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

The Village records certificates of deposit and money market funds 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Municipal Road Fund – This fund receives intergovernmental revenue from Hamilton County and is used for construction, maintenance and repair of Village streets.

Park and Recreation Fund – This fund receives permit and services revenue to operate and maintain Village parks.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Grant Construction Fund – This fund uses monies from OPWC state grants to fund construction projects in the Village.

**4. Enterprise Funds**

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

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

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

Garbage and Recycling Fund – This fund receives charges for services from residents to cover garbage and recycling collection service costs.

Water Works Expansion – This fund uses monies from OWDA loans for a water main replacement project.

Water Works Valve Replacement – This fund uses monies from an OWDA loan for a valve replacement project.

Water Works Multi-Project – This fund uses monies from an OWDA loan for several water works projects.

VILLAGE OF CLEVES  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

5. **Fiduciary Funds**

Fiduciary funds include 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 directed by the individual, organization or other government. The Village had the following Agency Funds:

Metropolitan Sewer District Agency Fund – This fund receives charges for services from residents on behalf of the Metropolitan Sewer District of Greater Cincinnati (MSD) to cover the cost of providing sewer service by MSD to residents residing within the Village. The Village remits 93% percent of amounts billed to customers to MSD and retains 7% percent as an administrative fee for the billing and collection process.

Mayors Court Fund – This fund receives fines and fees levied for traffic violations as prescribed by Village Ordinance. The funds are disbursed to various agencies as prescribed by the Ohio Revised Code.

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. 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 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 2014 budgetary activity appears in Note 3.

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:

VILLAGE OF CLEVES  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**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 unpaid leave.



**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**2. 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:

	2014
Demand deposits	\$165,848
Certificates of deposit	101,525
Money Market	290,198
Total deposits	557,571

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2014 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$934,558	\$939,447	\$4,889
Special Revenue	262,306	263,206	900
Capital Projects	1,392,917	1,417,565	24,648
Enterprise	1,093,587	1,093,588	1
Fiduciary	1,000,000	1,008,552	8,552
Total	\$4,683,368	\$4,722,358	\$38,990

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,290,281	\$961,135	\$329,146
Special Revenue	383,929	367,079	16,850
Capital Projects	1,392,980	1,417,565	(24,585)
Enterprise	1,214,887	1,069,521	145,366
Fiduciary	1,052,763	985,076	67,687
Total	\$5,334,840	\$4,800,376	\$534,464

**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 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.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
OWDA - New Water Plant Facility	612,032	6.41%
Various Purpose Refunding and Improvement Bonds, Series 2008	211,235	3.61%
Vehicle Acquisition General Obligation Bonds, Series 2010	7,434	3.50%
Water Main Acquisition General Obligation Bonds, Series 2012	49,200	2.62%
OPWC GMRC Water Main Replacement Loan	280,000	0.00%
OPWC RiverRd./Miami Ave. Water Main Replacement Loan	145,860	0.00%
OWDA Elizabethtown Water Main Phase I Loan	824,705	2.00%
OWDA Elizabethtown Water Main Phase II Loan	362,736	2.00%
Vehicle Acquisition General Obligation Bonds, Series 2014	28,000	2.67%
Building Acquisition General Obligation Bonds, Series 2013	95,600	2.80%
OWDA Elizabethtown Water Main Phase III Loan	899,653	2.00%
OWDA Valve Replacement Loan	348,481	3.62%
OWDA Water Main Replacement (Multi-Project) Loan	88,811	4.18%
Total	\$3,953,747	

The Ohio Water Development Authority (OWDA) loan was issued for the purpose of constructing a water plant. The OWDA approved the final loan amount of \$941,229 for this project. This project was completed in 2002. The loan will be repaid semiannually over a period of 25 years.

The Various Purpose Refunding and Improvement Bonds, Series 2008, were issued for the purpose of (i) refunding bonds originally issued for the purpose of paying the cost of a vehicle for the Village and equipment (\$46,000 Vehicle Acquisition Refunding Bonds, Series 2008); (ii) refunding bonds originally issued for the purpose of paying the cost of a vehicle for the police department and equipment (\$17,707 Police Cruiser Refunding Bonds, Series 2008); (iii) refunding bonds originally issued for the purpose of paying the costs of a vehicle for the police department and equipment (\$20,863 Vehicle Acquisition Refunding Bonds, Series 2008); (iv) refinancing notes originally issued for the purpose of paying part of the cost of making improvements to Westgate Street in the Village (\$181,535 Westgate Street Improvement Bonds, Series 2008); (v) refinancing notes originally issued for the purpose of financing Westgate Street Geotechnical Study, Main Street Reconstruction and State Route 64 Improvements in the Village (\$71,683 Road Improvement Bonds, Series 2008); (vi) refinancing notes originally issued for paying part of the cost of construction improvements to Timberline Road in the Village (\$60,000 Timberline Road Improvement Bonds, Series 2008); and paying issuance expenses. The bonds were issued in a total amount of \$664,291 are payable in varying amounts through December 1, 2018

The Vehicle Acquisition General Obligation Bonds, Series 2010, were issued for the purchase of a Vehicle for the Water Works Department. The loan will be repaid semiannually over a period of 6 years.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**5. DEBT (Continued)**

The Water Main Acquisition General Obligations Bonds, Series 2012, were issued for the purpose of financing the acquisition and construction of a water main replacement for the Village. The bonds were issued in a total amount of \$60,000 which will be repaid semiannually for 10 years.

The OPWC Great Miami River Crossing (GMRC) Water Main Replacement Loan was issued for the purpose of constructing a water main. The OPWC approved the final loan amount of \$300,000 to be repaid semiannually over 30 years.

The OPWC River Road (RR) and Miami Avenue Water Main Replacement Loan was issued for the purpose of constructing a water main. The OPWC approved a final loan amount of \$156,278 which will be repaid semiannually over 30 years.

The OWDA Elizabethtown Water Main Phase I Loan was issued for the purpose of constructing a water main. The OWDA approved the final amount of \$836,610. This will be repaid semiannually over 30 years.

The OWDA Elizabethtown Water Main Phase II Loan was issued for the purpose of continuing construction of a water main. The OWDA approved the final amount of \$362,954. This will be repaid semiannually over 30 years.

The Vehicle Acquisition General Obligation Bonds, Series 2014, were issued for the purchase of a Bobcat Loader. The loan will be repaid semiannually over a period of 15 years.

The Building Acquisition General Obligation Bonds, Series 2013, were issued for the purpose of financing the acquisition of a building to be used for the water works department. The bonds were issued in a total amount of \$100,200 which will be repaid semiannually over 10 years.

The OWDA Elizabethtown Water Main Phase III Loan was issued for the purpose of continuing construction of a water main. The OWDA approved the final amount of \$1,125,804 which will be repaid semiannually over 20 years.

The OWDA Valve Replacement Loan was issued for the purpose of a water works valve replacement project. The OWDA approved the final amount of \$362,590 which will be repaid semiannually for 30 years.

The OWDA Water Main Replacement Loan was issued for the purpose of planning water main replacement projects throughout the region served by the Water Works Department. The interest rate is 4.18%

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	OWDA New Water Plant Facility	Various Purpose Refunding & Improvement Bonds	Vehicle Acquisition General Obligation Bonds	Water Main Acquisition GO Bonds	OPWC GMRC Water Main Loan
2015	\$76,036	\$56,388	\$7,564	\$6,854	\$10,000
2016	76,036	56,938		6,807	10,000
2017	76,036	57,488		6,855	10,000
2018	76,036	58,038		6,899	10,000
2019	76,036			6,839	10,000
2020-2024	380,180			20,613	50,000
2025-2029	114,054				50,000
2030-2034					50,000
2035-2039					50,000
2040-2044					30,000
2045					
Total	<u>\$874,414</u>	<u>\$228,852</u>	<u>\$7,564</u>	<u>\$54,867</u>	<u>\$280,000</u>

Year ending December 31:	OPWC River Rd. Miami Ave. Water Main Loan	Vehicle Acquisition G.O. Bonds Series 2014	Building Acquisition G.O. Bonds
2015	\$5,209	\$4,389	\$12,111
2016	5,209	4,387	\$12,142
2017	5,209	4,387	\$12,068
2018	5,209	4,385	\$12,085
2019	5,209	4,384	\$12,095
2020-2024	26,046	8,763	\$48,306
2025-2029	26,046		
2030-2034	26,046		
2035-2039	26,046		
2040-2044	15,631		
2045			
Total	<u>\$145,860</u>	<u>\$30,695</u>	<u>\$108,807</u>

The proceeds of the following loans have not been fully disbursed - OWDA Elizabethtown Water Main Phase I, II and III, OWDA Valve Replacement Loan, and OWDA Water Main Replacement Loan. OWDA will provide an amortization schedule for each when the Village receives the total proceeds of each loan. The Village will disclose future principal and interest requirements at that time.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Ohio 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 2014, OP&F participants contributed 11.5% of their wages. For 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village of Cleves' policy. The Pool covers the following risks:

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2014:

	<u>2014</u>
Cash and investments	\$35,402,177
Actuarial liabilities	\$12,363,257

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# Dave Yost • Auditor of State

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

Village of Cleves  
Hamilton County  
101 North Miami Avenue  
Cleves, Ohio 45002

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Cleves, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 7, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

***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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

**Dave Yost**  
Auditor of State

Columbus, Ohio

April 7, 2017



**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

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

**FINDING NUMBER 2015-001**

**Material Weakness**

Village management is responsible for preparing and fairly presenting their financial statements as required by Rule 117-2-03 of the Ohio Administrative Code; this includes designing, implementing, and maintaining internal controls relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to error or fraud.

Prior audit fund balance adjustments, for the period ending December 31, 2013, were not made initially to the Village's accounting records or carried forward to their financial statements.

The January 1, 2014 General Fund beginning fund balance reported on the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances for the year ended December 31, 2014 was reported at \$355,794 and should have been reported at \$343,725 as reported in the prior financial statements for the year ended December 31, 2013, resulting in an overstatement of the beginning fund balance of \$12,069. The January 1, 2014 Capital Projects beginning fund balance reported on the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances for the year ended December 31, 2014 was reported at \$63 and should have been reported at \$11,998 as reported in the prior financial statements for the year ended December 31, 2013, resulting in an understatement of beginning fund balance of \$11,935. These misstatements also affected the General Fund and Capital Projects fund beginning fund balances reported on the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances for the year ended December 31, 2015.

The Village also did not record or report loan proceeds and related expenditures for payments made on-behalf of the Village by the Ohio Water Development Authority (OWDA) directly to vendors in the amount of \$704,511 and \$24,649 respectively for 2015 and 2014.

The Village adjusted the financial statements presented in this report and their ledgers to properly reflect the fund balances for the General fund and the Capital Project fund, and also to reflect the on behalf payments and related expenditures.

Lack of internal controls over accounting and financial reporting increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner. To ensure accuracy in the financial reporting process, we recommend that the Village implement procedures for making sure that their beginning fund balances agree to the ending fund balances from the prior period and that all transactions of the Village are recorded to their accounting records and reported in their financial statements.

**Official's Response:**

We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-002**

**Material Weakness**

Monitoring controls are regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

When designing the system of internal controls and specific control activities, management should consider ensuring:

- a) Reliability of financial reporting;
- b) Effectiveness and efficiency of operations;
- c) Compliance with applicable laws and regulation.

The budgetary activity of the Village that was reflected in the financial statements and notes presented for audit reflected the following exceptions:

<b>Fund 2015</b>	<b>Budgeted Receipts Reported</b>	<b>Certificate of Estimated Resources</b>	<b>Variance</b>
Capital Projects	\$ 1,155,780	\$ 388,980	\$ 766,800
	<b>Actual Receipts Notes</b>	<b>Actual Receipts Financial Statements</b>	
Capital Projects	\$ 1,155,780	\$ 1,860,427	\$ (704,647)
	<b>Actual Disbursements Notes</b>	<b>Actual Disbursements Financial Statements</b>	
Capital Projects	\$ 1,155,769	\$ 1,860,415	\$ (704,646)

The budgetary disclosures should reflect the official appropriations and estimated resources approved by the Village, and the actual receipts and disbursements as reported in the financial statements. Failure to use the approved appropriations and certificate of estimated resources, and the actual receipts and disbursements as reported in the financial statements, increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting.

We recommend the Village implement internal control procedures that enable management to identify, prevent, detect and correct misstatements in the financial statements and related footnote disclosures.

The Village corrected the errors noted above in the accompanying notes to the financial statements.

**Official's Response:**

We did not receive a response from Officials to this Finding.

### FINDING NUMBER 2015-003

#### Noncompliance

**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.

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 encumbrances, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certifications 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 Certificates – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not follow established procedures for certifying expenditures and none of the exceptions above applied. Three of the three (100%) transactions tested for 2014 [WW New Multi Prog \$172,120, Water Operations \$2,480, and Garbage \$8,521] and three of the four (75%) transactions tested for 2015 [GF \$6,581, Water Operations \$2,480, and Garbage \$8,521] were not properly encumbered.

**FINDING NUMBER 2015-003  
(Continued)**

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the Village uses the exceptions noted above, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should then post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Official's Response:**

We did not receive a response from Officials to this finding.

**VILLAGE OF CLEVES  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-01	Audit adjustments were necessary to correct errors in the Village's financial statements.	Not corrected.	Reissued as Finding Number 2015-001.
2013-02	Contrary to ORC 5705.39, appropriations exceeded estimated resources in three funds.	Corrective action taken and finding is fully corrected	The Village has established procedures for improved monitoring.
2013-03	Contrary to ORC 5705.36(A)(4), estimated resources available exceeded actual resources available which created a deficiency that reduced available resources below the appropriations level.	Corrective action taken and finding is fully corrected	The Village has established procedures for improved monitoring.

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# Dave Yost • Auditor of State

VILLAGE OF CLEVES

HAMILTON 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 4, 2017