



Dave Yost • Auditor of State

VILLAGE OF MAINEVILLE
WARREN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 Maineville, Warren County, Ohio (the Village) as of and for the s ended December 31, 2017 and 2016.

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 such 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 1 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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www.ohioauditor.gov

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, 2017 and 2016, and the respective changes in financial position thereof for the s then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Village of Maineville, Warren County as of December 31, 2017 and 2016, for the s 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2018, 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

July 24, 2018

VILLAGE OF MAINEVILLE
WARREN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Taxes	\$ 43,006	\$ 11,922	\$ 54,928
Municipal Income Tax	408,094	-	408,094
Intergovernmental	12,924	70,182	83,106
Charges for Services	88,685	-	88,685
Fines, Licenses and Permits	55,268	3,260	58,528
Earnings on Investments	80	22	102
Miscellaneous	5,547	-	5,547
<i>Total Cash Receipts</i>	613,604	85,386	698,990
Cash Disbursements			
Current:			
Security of Persons & Property	203,133	-	203,133
Community Environment	29,503	-	29,503
Basic Utility Services	79,706	-	79,706
Transportation	64,193	20,630	84,823
General Government	297,555	560	298,115
Capital Outlay	1,869	-	1,869
Debt Service:			
Principal Retirement	5,300	9,400	14,700
Interest and Fiscal Charges	199	869	1,068
<i>Total Cash Disbursements</i>	681,458	31,459	712,917
 <i>Excess of Receipts Over (Under) Disbursements</i>	 (67,854)	 51,332	
 <i>Fund Cash Balances, January 1</i>	 335,119	 188,776	 523,895
Fund Cash Balances, December 31			
Nonspendable	-	-	-
Restricted	-	242,703	242,703
Committed	-	-	-
Assigned	15,267	-	15,267
Unassigned (Deficit)	251,998	-	251,998
<i>Fund Cash Balances, December 31</i>	\$ 267,265	\$ 242,703	\$ 509,969

See accompanying notes to the basic financial statements.

VILLAGE OF MAINEVILLE
WARREN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ -
<i>Total Operating Cash Receipts</i>	<u>-</u>
Operating Cash Disbursements	
Contractual Services	4,700
<i>Total Operating Cash Disbursements</i>	<u>4,700</u>
<i>Operating Income (Loss)</i>	(4,700)
Non-Operating Receipts (Disbursements)	
Special Assessments	20,736
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>20,736</u>
<i>Net Change in Fund Cash Balance</i>	16,036
<i>Fund Cash Balances, January 1</i>	32,858
<i>Fund Cash Balances, December 31</i>	\$ 48,894

See accompanying notes to the basic financial statements.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

1. Reporting Entity – Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Maineville, Warren County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides Police services, road maintenance and storm water management services and contracts with Rumpke to provide trash services to the Village citizens.

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

B. Basis of Presentation

The Village's financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits

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

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

The financial institution is in the process of joining the Ohio Pooled Collateral System (OPCS); however, at December 31, 2017, the financial institution still maintained its own collateral pool.

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. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

1. Reporting Entity – Summary of Significant Accounting Policies (Continued)

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax Fund - This fund receives permissive tax money for maintaining and repairing the Village's streets

3. 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 Fund:

Storm Water Management – The storm water management fund accounts for the provision of storm water management services to the residents and commercial users located within the Village.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for the Historical Society Fund and Unclaimed Monies Fund. The Unclaimed Monies Fund is used to account for stale-dated checks.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriation 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.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

1. Reporting Entity – Summary of Significant Accounting Policies (Continued)

3. Encumbrances

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

A summary of 2017 budgetary activity appears in Note 1.

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

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 the authority by resolution, or by State Statute.

5. Unassigned

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

1. Reporting Entity – Summary of Significant Accounting Policies (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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.

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

	<u>2017</u>
Demand deposits	\$299,976
Certificates of deposit	<u>259,000</u>
Total deposits	<u>\$558,576</u>

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

2. Budgetary Activity

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$632,351	\$613,605	(\$18,746)
Special Revenue	65,155	85,386	20,231
Enterprise	20,000	20,736	736
Total	<u>\$717,506</u>	<u>\$719,727</u>	<u>\$2,221</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$940,923	\$698,273	\$242,650
Special Revenue	69,494	31,459	38,035
Enterprise	13,750	4,700	9,050
Total	<u>\$1,024,167</u>	<u>\$734,432</u>	<u>\$289,735</u>

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

3. Property Taxes

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.

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

4. Local Income Tax

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

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

5. Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Street Improvement General Obligation Bonds	\$ 9,900	4.5%
Vehicle Acquisition General Obligation Bond	<u>2,650</u>	3%
Total	\$12,550	

In 2009, the Village issued Street Improvement General Obligation Bonds, Series 2009 in the amount of \$75,000. The proceeds of the bonds were used to finance street improvements to the Village's streets. The bonds will mature in 2018 at a rate of 4.5%. The Village's taxing authority collateralized the bonds.

In 2013, the Village issued a Vehicle Acquisition General Obligation Bond. The proceeds from these bonds were used to purchase a police cruiser. The bonds will mature in 2018 at the rate of 3%. The Village's taxing authority collateralized the bonds.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

5. Debt (Continued)

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

	Street Improvement General Obligation <u>Bonds</u>	Vehicle Acquisition General Obligation <u>Bond</u>
Year ending December 31, 2018	\$ 10,346	\$ 2,690
Total	\$ 10,346	\$ 2,690

6. Retirement Systems

The Village’s full-time Police Officer belongs 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 2017, the Village picked up the employer and employee portions of non-elected participants contributions required for both OP&F (31.75%) and OPERS (24%) as fringe benefits to the employees. This practice has been in effect since January 2012. The Village has paid all contributions required through December 31, 2017.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the “Plan”), a non-assessable, unincorporated non-profit association providing a formalized, 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. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deduction) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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.

VILLAGE OF MAINEVILLE
WARREN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

7. Risk Management (Continued)

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

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(\$9,531,506)</u>
Members' Equity	<u>\$5,234,206</u>

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

8. Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

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VILLAGE OF MAINEVILLE
WARREN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	General	Special Revenue	Totals
Cash Receipts			
Property and Other Taxes	\$ 42,904	\$ 11,436	\$ 54,340
Municipal Income Tax	384,140	-	384,140
Intergovernmental	12,773	51,060	63,833
Charges for Services	80,811	-	80,811
Fines, Licenses and Permits	62,908	3,716	66,624
Earnings on Investments	1,228	63	1,291
Miscellaneous	2,700	1,046	3,746
<i>Total Cash Receipts</i>	587,464	67,321	654,785
Cash Disbursements			
Current:			
Security of Persons & Property	208,717	-	208,717
Community Environment	22,985	-	22,985
Basic Utility Services	83,681	-	83,681
Transportation	65,163	64,445	129,608
General Government	278,232	3,680	281,912
Capital Outlay	7,500	-	7,500
Debt Service:			
Principal Retirement	5,300	9,100	14,400
Interest and Fiscal Charges	358	1,278	1,636
<i>Total Cash Disbursements</i>	674,671	78,503	753,174
<i>Excess of Receipts Over (Under) Disbursements</i>	(87,207)	(11,182)	(98,389)
Other Financing Receipts (Disbursements)			
Other Financing Sources	321	-	321
Other Financing Uses	(20)	-	(20)
<i>Total Other Financing Receipts (Disbursements)</i>	301	-	301
<i>Fund Cash Balances, January 1</i>	419,290	199,958	619,248
Fund Cash Balances, December 31			
Nonspendable	-	-	-
Restricted	-	188,776	188,776
Committed	-	-	-
Assigned	288,292	-	288,292
Unassigned (Deficit)	46,827	-	46,827
<i>Fund Cash Balances, December 31</i>	\$ 335,119	\$ 188,776	\$ 523,895

See accompanying notes to the basic financial statements.

VILLAGE OF MAINEVILLE
WARREN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ -
<i>Total Operating Cash Receipts</i>	<u>-</u>
Operating Cash Disbursements	
Contractual Services	16,685
Supplies and Materials	30
<i>Total Operating Cash Disbursements</i>	<u>16,715</u>
<i>Operating Income (Loss)</i>	(16,715)
Non-Operating Receipts (Disbursements)	
Special Assessments	21,406
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>21,406</u>
<i>Net Change in Fund Cash Balance</i>	4,691
<i>Fund Cash Balances, January 1</i>	28,167
<i>Fund Cash Balances, December 31</i>	\$ 32,858

See accompanying notes to the basic financial statements.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

C. Deposits

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

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

The financial institution is in the process of joining the Ohio Pooled Collateral System (OPCS); however, at December 31, 2017, the financial institution still maintained its own collateral pool.

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1. General Fund

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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:

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Street Construction Maintenance and Repair - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax Fund - This fund receives permissive tax money for maintaining and repairing the Village's streets

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4. Fiduciary Funds

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Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for the Historical Society Fund and Unclaimed Monies Fund. The Unclaimed Monies Fund is used to account for stale-dated checks.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriation 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.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Encumbrances

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

A summary of 2016 budgetary activity appears in Note 1.

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

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 the authority by resolution, or by State Statute.

5. Unassigned

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

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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.

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:

	<u>2016</u>
Demand deposits	\$292,652
Certificates of deposit	<u>261,177</u>
Total deposits	\$553,829

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

2. Budgetary Activity

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$558,504	\$587,464	(\$1,040)
Special Revenue	66,625	67,321	696
Enterprise	21,406	21,406	0
Total	\$676,535	\$676,191	(\$344)

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$846,986	\$680,456	\$166,530
Special Revenue	108,276	78,503	29,773
Enterprise	25,540	16,715	8,825
Total	\$980,802	\$775,674	\$205,128

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. Property Taxes

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.

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

4. Local Income Tax

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

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

5. Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Street Improvement General Obligation Bonds	\$19,300	4.5%
Vehicle Acquisition General Obligation Bond	<u>7,950</u>	3%
Total	<u>\$27,250</u>	

In 2009, the Village issued Street Improvement General Obligation Bonds, Series 2009 in the amount of \$75,000. The proceeds of the bonds were used to finance street improvements to the Village's streets. The bonds will mature in 2018 at a rate of 4.5%. The Village's taxing authority collateralized the bonds.

In 2013, the Village issued a Vehicle Acquisition General Obligation Bond. The proceeds from these bonds were used to purchase a police cruiser. The bonds will mature in 2018 at the rate of 3%. The Village's taxing authority collateralized the bonds.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. Debt (Continued)

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

	Street Improvement General Obligation Bonds	Vehicle Acquisition General Obligation Bond
Year ending December 31:		
2017	\$10,269	\$5,499
2018	<u>10,346</u>	<u>2,690</u>
Total	\$20,614	\$8,189

6. Retirement Systems

The Village's full-time Police Officer belongs 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 2016, the Village picked up 29.50% the employer portion of non-elected participants' contributions to OP&F with the employee participants contributing 2.25% required for OP&F (for a total of 31.75%). Beginning in 2012, the Village increased the pick-up portion of non-elected OPERS participants' contribution from 2% to 10% in lieu of employees receiving raises. The Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

7. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, 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.

The Plan's 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% (effective November 1, 2011) 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 and through October 2014 the Plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the Plan retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deduction) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014, respectively.

VILLAGE OF MAINEVILLE
WARREN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

7. Risk Management (Continued)

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

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

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	<u>(\$9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

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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 Maineville
Warren County
8188 State Route 48
Maineville, Ohio 45039

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 Village of Maineville, Warren County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated July 24, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 opinions 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report 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 "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 24, 2018



Dave Yost • Auditor of State

VILLAGE OF MAINEVILLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER, 18 2018