

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

Financial Statements
(Audited)

For the Year Ended
December 31, 2017



Dave Yost • Auditor of State

Village Council
Village of New Miami
268 Whitaker Avenue
Hamilton, Ohio 45011

We have reviewed the *Independent Auditor's Report* of the Village of New Miami, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 20, 2018

This page intentionally left blank.

**VILLAGE OF NEW MIAMI
BUTLER COUNTY**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report.....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2017.....	4
Notes to the Financial Statements.....	5 - 13
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14 - 15
Status of Prior Audit Findings	16

This page intentionally left blank.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Members of Council and Mayor:

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 New Miami, Butler County, Ohio, as of and for the year ended December 31, 2017.

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 of New Miami'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 of New Miami'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 of New Miami 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.

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

Though the Village of New Miami 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 of New Miami as of December 31, 2017, and the respective changes in financial position or cash flows thereof for the year 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 the Village of New Miami, Butler County, Ohio, as of December 31, 2017, for the year 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 February 23, 2018, on our consideration of the Village of New Miami'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 of New Miami's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 23, 2018

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

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Property and other taxes	\$ 35,894	\$ 101,402	\$ -	\$ 137,296
Municipal income tax	160,448	-	-	160,448
Intergovernmental	63,451	117,283	-	180,734
Special assessments	-	-	18,313	18,313
Charges for services	1,200	31,857	-	33,057
Fines, licenses and permits	394,499	2,498	-	396,997
Earnings on Investments	1,621	74	-	1,695
Miscellaneous	10,596	4,710	-	15,306
Total cash receipts	<u>667,709</u>	<u>257,824</u>	<u>18,313</u>	<u>943,846</u>
Cash disbursements:				
Current:				
Security of persons and property	333,054	85,563	-	418,617
Public health services	11,392	-	-	11,392
Leisure time activities	50,782	-	-	50,782
Basic utility services	-	10,861	-	10,861
Transportation	77,690	67,452	-	145,142
General government	215,795	1,831	-	217,626
Capital outlay	9,000	-	-	9,000
Debt service:				
Principal retirement	-	13,514	10,599	24,113
Interest and fiscal charges	-	-	8,687	8,687
Total cash disbursements	<u>697,713</u>	<u>179,221</u>	<u>19,286</u>	<u>896,220</u>
Net change in fund cash balances	(30,004)	78,603	(973)	47,626
Fund cash balances, January 1, 2017	<u>1,304,080</u>	<u>355,435</u>	<u>13,866</u>	<u>1,673,381</u>
Fund cash balances, December 31, 2017				
Restricted	-	434,038	12,893	446,931
Unassigned	1,274,076	-	-	1,274,076
Fund cash balances, December 31, 2017	<u>\$ 1,274,076</u>	<u>\$ 434,038</u>	<u>\$ 12,893</u>	<u>\$ 1,721,007</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ 610,356	\$ 353,706	\$ 964,062
Total operating cash receipts	<u>610,356</u>	<u>353,706</u>	<u>964,062</u>
Operating cash disbursements:			
Personal services	161,022	-	161,022
Fringe benefits	59,616	-	59,616
Contractual services	203,113	-	203,113
Supplies and materials	37,941	-	37,941
Other	9,445	353,795	363,240
Total operating cash disbursements	<u>471,137</u>	<u>353,795</u>	<u>824,932</u>
Operating income/(loss)	<u>139,219</u>	<u>(89)</u>	<u>139,130</u>
Nonoperating cash receipts/(disbursements):			
Intergovernmental	26,580	-	26,580
Capital outlay	(39,792)	-	(39,792)
Miscellaneous Receipts	45,766	236	46,002
Debt service:			
Principal	(58,594)	-	(58,594)
Interest	(2,107)	-	(2,107)
Total nonoperating cash receipts/(disbursements)	<u>(28,147)</u>	<u>236</u>	<u>(27,911)</u>
Income/(loss) before operating transfers and advances	111,072	147	111,219
Transfers in	43,296	-	43,296
Transfers out	<u>(43,296)</u>	<u>-</u>	<u>(43,296)</u>
Net income/(loss)	111,072	147	111,219
Fund cash balances, January 1, 2017	<u>392,501</u>	<u>67,865</u>	<u>460,366</u>
Fund cash balances, December 31, 2017	<u>\$ 503,573</u>	<u>\$ 68,012</u>	<u>\$ 571,585</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Miami, Butler County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and trash utilities, recreation, street maintenance and police service. The Village sewer operations are in the control of Butler County. The Village appropriates general fund money to support a volunteer fire department.

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.

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:

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

Police Levy Fund - This fund receives property tax money which is used to operate the Village police department.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following Debt Service Funds:

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

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

4. Proprietary Funds

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

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

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

5. Fiduciary Funds

The Village's fiduciary fund consists of agency funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as the collection and distribution of sewer fees are collected by the Village and are remitted to Butler County, per an agreement with Butler County dated February 26, 2004. New Miami surrendered operation of its sewer collection system and sewer treatment plant to Butler County on November 5, 2004.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or personal services and other 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.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 re-appropriated.

A summary of 2017 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:

1. Non-spendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

G. Capital Assets

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.

NOTE 2 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investments 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:

	2017
Demand deposits	\$1,757,149
Money Market savings	535,442
Total deposits and investments	\$2,292,591

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$667,265	\$667,709	\$444
Special Revenue	257,594	257,823	229
Debt Service	18,313	18,313	0
Enterprise	685,897	725,996	40,099
Total	\$1,629,069	\$1,669,841	\$40,772

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

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

NOTE 3 - BUDGETARY ACTIVITY - (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,272,369	\$728,474	\$543,895
Special Revenue	270,336	179,567	90,769
Debt Service	20,000	19,286	714
Enterprise	786,336	665,910	120,426
Total	\$2,349,041	\$1,593,237	\$755,804

NOTE 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.

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

NOTE 5 - LOCAL INCOME TAX

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

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

NOTE 6 - DEBT

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OWDA 2003 Waterline Extension Loan (3909)	\$3,342	4.00%
OWDA 2005 Phase II Stormwater Improvements Loan (4403)	172,068	3.79%
OWDA 2005 ARMCO Loan (4404)	49,169	3.79%
OWDA 2007 Well Rehabilitation Loan (4670)	33,688	1.50%
OWDA 2009 Water Tower Loan (5100)	26,925	4.00%
OPWC 2006 Booster Station Improvmenet Loan (CJ06J)	35,750	0.00%
OPWC 2006 Augspurgen Waterline Improvement Loan (CJ05J)	56,925	0.00%
OPWC 2007 Water Supply Improvement Loan (CJ01K)	46,000	0.00%
OPWC 2009 Storm Swer Improvmenets Phase II Loan (CJ24M)	195,948	0.00%
OPWC 2011 Water Supply/Water Storage Phase III Loan (CJ39M)	178,750	0.00%
OPWC 2015 Water Meter Repl & Tank Demo (CJ02S)	372,391	0.00%
Total	\$1,170,956	

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

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

NOTE 6 - DEBT - (Continued)

The Ohio Water Development Authority (OWDA) 2003 Waterline Extension Loan (3909) relates to a waterline improvement project. The total amount of the loan issued was \$75,000. The loan is being repaid in semi-annual installments of \$3,414, including interest, over 15 years. The last payment is due July 1, 2018. The OWDA loan is collateralized by water customer connection and disconnection fees. Loan payments are being made from Fund 5101-Water Operations.

The OWDA 2005 Phase II Stormwater Improvements Loan (4403) relates to a storm water improvement project. The total amount of the loan awarded was \$228,000. The loan is being repaid in semi-annual installments of \$6,393, including interest, over 30 years. The last payment is due January 1, 2037. The OWDA loan is collateralized by special assessment fees. Loan payments are being made from Fund 3101-Storm Water Loan Debt Service.

The OWDA 2005 ARMCO Loan (4404) relates to a waterline extension project. The total amount of the loan awarded was \$90,549. The loan is being repaid in semi-annual installments of \$3,249, including interest, over 20 years. The last payment is due January 1, 2037. The OWDA loan is collateralized by special assessment fees. Loan payments are being paid from Fund 3102-Armco Bond Retirement Debt Service.

The OWDA 2007 Well Rehabilitation Loan (4670) related to a well rehabilitation project. The total amount of the loan awarded was \$65,760. The loan is being repaid in semi-annual installments of \$1,909, including interest, over 20 years. The last payment is due July 1, 2027. The OWDA loan is collateralized by water receipts. Loan payments are being paid from Fund 5101-Water Operations.

The OWDA 2009 Water Tower Loan (5100) relates to the replacement of the Village's water tower. The total amount of the loan awarded was \$60,000. The loan is to be repaid in semi-annual installments of \$3,254, including interest, over 12 years. The last payment is due July 1, 2022. The OWDA loan is collateralized by water receipts. Loan payments are being paid from Fund 5101-Water Operations.

The Ohio Public Works Commission (OPWC) 2006 Loan (CJ06J) relates to the booster station improvement. The total amount of the loan awarded was \$65,000. The loan is to be repaid in semi-annual installments of \$1,625 over 20 years. The last payment is due January 1, 2029. Loan payments are being paid from Fund 5101-Water Operations.

The OPWC 2006 Loan (CJ05J) relates to the Augspurgen waterline improvement project. The total amount of the loan awarded as \$99,000. The loan is to be repaid in semi-annual installments of \$2,475 over 20 years. The last payment is due July 1, 2029. Loan payments are being paid from Fund 5101-Water Operations.

The OPWC 2007 Loan (CJ01K) relates to water supply improvements. The total amount of the loan awarded was \$60,000. The loan will be repaid in semi-annual installments of \$1,000 over 30 years. The last payment is due January 1, 2041. Loan payments are being paid from Fund 5101-Water Operations.

The OPWC 2009 Loan (CJ24M) relates to the storm sewer improvements project. The total amount of the loan awarded was \$270,272. The loan will be repaid in semi-annual installments of \$6,575 over 20 years. The last payment is due July 1, 2032. Loan payments are being paid from Fund 2903-Stormwater Maintenance.

The OPWC 2011 Loan (CJ39M) relates to water supply and water storage improvements. The total amount of the loan awarded was \$275,000. The loan will be repaid in semi-annual installments of \$6,875 over 30 years. The last payment is due January 1, 2031. Loan payments are being paid from Fund 5101-Water Operations.

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

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

NOTE 6 - DEBT - (Continued)

The OPWC 2015 Loan (CJ02S) relates to water meter replacements and the demolition of a water tank. The total amount of the loan awarded was \$391,990. The loan will be repaid in semi-annual installments of \$9,800 over 20 years. The last payment due is January 1, 2037. Loan payments are being paid from Fund 5101-Water Operations.

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

Year ending December 31:	OWDA Loan	OPWC Loan
2018	\$18,234	\$28,531
2019	29,670	57,063
2020	29,696	57,063
2021	29,722	57,063
2022	29,751	57,063
2023-2027	112,270	285,316
2028-2032	63,934	238,466
2033-2037	57,541	98,198
2038-2041	0	7,000
Total	\$370,818	\$885,763

NOTE 7 - RETIREMENT SYSTEMS

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OP&F- full time police</i>	<i>July 1, 2015- December 31, 2017</i>	<i>12.25%</i>	<i>19.5%</i>
<i>OPERS - Local</i>	<i>2012-2017</i>	<i>10%</i>	<i>14%</i>

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

The Ohio Revised Code also prescribes contribution rates. For 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2017, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

NOTE 8 - CONTINGENT LIABILITIES

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

Until all final court rulings are complete, as of December 31, 2017, it is unclear if, and how much restitution will be required of the Village. As a result, the Village is currently unable to determine what effect, if any, this decision will have on its future funding and on its financial operations.

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

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

NOTE 9 - RISK MANAGEMENT

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 (latest available information).

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016, the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village was not a member of PEP.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$41,749

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

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

NOTE 9 - RISK MANAGEMENT - (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

NOTE 10 - 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.

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

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

To the Members of Council and Mayor:

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 New Miami, Butler County, Ohio, as of and for the year ended December 31, 2017 and the related notes to the financial statements and have issued our report thereon dated February 23, 2018, wherein we noted the Village of New Miami 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 of New Miami'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 of New Miami'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 a 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 of New Miami'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 weaknesses may exist.

Members of Council and Mayor
Village of New Miami

Compliance and Other Matters

As part of reasonably assuring whether the Village of New Miami'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 statements 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 of New Miami's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of New Miami's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
February 23, 2018

VILLAGE OF NEW MIAMI
BUTLER COUNTY, OHIO

STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001	Finding for recovery against Joseph Ebbing	No	Not corrected - not repaid as of February 23, 2018

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF NEW MIAMI

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018