

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

Financial Statements
(Audited)

For the Year Ended
December 31, 2016



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, 2016 through December 31, 2016. 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

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**VILLAGE OF NEW MIAMI
BUTLER COUNTY**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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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, 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 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, 2016, 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, 2016, 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, 2016

| | Governmental Fund Types | | | Total (Memorandum Only) |
|---|-------------------------|--------------------|------------------|-------------------------------|
| | General | Special Revenue | Debt Service | |
| Cash receipts: | | | | |
| Property and other taxes | \$ 38,423 | \$ 102,244 | \$ - | \$ 140,667 |
| Municipal income tax | 135,310 | - | - | 135,310 |
| Intergovernmental | 65,111 | 120,303 | - | 185,414 |
| Special assessments | - | - | 20,106 | 20,106 |
| Charges for services | 458 | 31,690 | - | 32,148 |
| Fines, licenses and permits | 472,070 | 1,294 | - | 473,364 |
| Earnings on Investments | 1,004 | 60 | - | 1,064 |
| Miscellaneous | 25,955 | 1,826 | - | 27,781 |
| Total cash receipts | <u>738,331</u> | <u>257,417</u> | <u>20,106</u> | <u>1,015,854</u> |
| Cash disbursements: | | | | |
| Current: | | | | |
| Security of persons and property | 340,521 | 111,007 | - | 451,528 |
| Public health services | 10,800 | - | - | 10,800 |
| Leisure time activities | 48,948 | - | - | 48,948 |
| Basic utility services | - | 18,357 | - | 18,357 |
| Transportation | 73,386 | 68,455 | - | 141,841 |
| General government | 237,383 | 1,986 | - | 239,369 |
| Debt service: | | | | |
| Principal retirement | - | 13,514 | 10,208 | 23,722 |
| Interest and fiscal charges | - | - | 9,078 | 9,078 |
| Total cash disbursements | <u>711,038</u> | <u>213,319</u> | <u>19,286</u> | <u>943,643</u> |
| Total cash receipts over/(under) cash disbursements | <u>27,293</u> | <u>44,098</u> | <u>820</u> | <u>72,211</u> |
| Net change in fund cash balances | 27,293 | 44,098 | 820 | 72,211 |
| Fund cash balances, January 1, 2016 | <u>1,276,787</u> | <u>311,337</u> | <u>13,046</u> | <u>1,601,170</u> |
| Fund cash balances, December 31, 2016 | | | | |
| Restricted | - | 355,435 | 13,866 | 369,301 |
| Assigned | - | - | - | - |
| Unassigned | 1,304,080 | - | - | 1,304,080 |
| Fund cash balances, December 31, 2016 | <u>\$ 1,304,080</u> | <u>\$ 355,435</u> | <u>\$ 13,866</u> | <u>\$ 1,673,381</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, 2016

| | Proprietary Fund Type | Fiduciary Fund Type | Total |
|--|--------------------------|------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating cash receipts: | | | |
| Charges for services | \$ 597,706 | \$ 338,410 | \$ 936,116 |
| Total operating cash receipts | 597,706 | 338,410 | 936,116 |
| Operating cash disbursements: | | | |
| Personal services | 133,756 | - | 133,756 |
| Fringe benefits | 51,033 | - | 51,033 |
| Contractual services | 245,927 | - | 245,927 |
| Supplies and materials | 40,663 | - | 40,663 |
| Other | 11,788 | 376,699 | 388,487 |
| Total operating cash disbursements | 483,167 | 376,699 | 859,866 |
| Operating income/(loss) | 114,539 | (38,289) | 76,250 |
| Nonoperating cash receipts/(disbursements): | | | |
| Intergovernmental | 30,020 | - | 30,020 |
| Proceeds of bonds | 371,588 | - | 371,588 |
| Capital outlay | (406,713) | - | (406,713) |
| Miscellaneous | 45,698 | 659 | 46,357 |
| Debt service: | | | |
| Principal | (38,449) | - | (38,449) |
| Interest | (2,496) | - | (2,496) |
| Total nonoperating cash receipts/(disbursements) | (352) | 659 | 307 |
| Income/(loss) before operating transfers | 114,187 | (37,630) | 76,557 |
| Transfers in | 12,000 | - | 12,000 |
| Transfers out | (12,000) | - | (12,000) |
| Net income/(loss) | 114,187 | (37,630) | 76,557 |
| Fund cash balances, January 1, 2016 | 278,314 | 105,495 | 383,809 |
| Fund cash balances, December 31, 2016 | \$ 392,501 | \$ 67,865 | \$ 460,366 |

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, 2016

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, 2016

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.

Water Meter Replacement/Tank Demolition Project Fund - This fund receives loan proceeds from the Ohio Public Works Commission to replace water meters and demolish and old water tank.

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, 2016

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 reappropriated.

A summary of 2016 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. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

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

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:

| | |
|--------------------------------|-------------|
| | 2016 |
| Demand deposits | \$1,598,573 |
| Money Market savings | 535,174 |
| Total deposits and investments | \$2,133,747 |

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, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$737,816 | \$738,330 | \$514 |
| Special Revenue | 257,201 | 257,416 | 215 |
| Debt Service | 20,105 | 20,105 | 0 |
| Enterprise | 1,051,364 | 1,057,012 | 5,648 |
| Total | \$2,066,486 | \$2,072,863 | \$6,377 |

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

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

NOTE 3 - BUDGETARY ACTIVITY - (Continued)

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,215,780 | \$729,590 | \$486,190 |
| Special Revenue | 276,514 | 213,653 | 62,861 |
| Debt Service | 20,000 | 19,286 | 714 |
| Enterprise | 1,049,516 | 946,179 | 103,337 |
| Total | \$2,561,810 | \$1,908,708 | \$653,102 |

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, 2016 was as follows:

| | Principal | Interest Rate |
|---|-------------|---------------|
| OWDA 2003 Waterline Extension Loan (3909) | \$9,818 | 4.00% |
| OWDA 2005 Phase II Stormwater Improvements Loan (4403) | 178,160 | 3.79% |
| OWDA 2005 ARMCO Loan (4404) | 53,676 | 3.79% |
| OWDA 2007 Well Rehabilitation Loan (4670) | 36,964 | 1.50% |
| OWDA 2009 Water Tower Loan (5100) | 32,218 | 4.00% |
| OPWC 2006 Booster Station Improvmenet Loan (CJ06J) | 39,000 | 0.00% |
| OPWC 2006 Augspurgen Waterline Improvement Loan (CJ05J) | 61,875 | 0.00% |
| OPWC 2007 Water Supply Improvement Loan (CJ01K) | 48,000 | 0.00% |
| OPWC 2009 Storm Swer Improvmenets Phase II Loan (CJ24M) | 209,461 | 0.00% |
| OPWC 2011 Water Supply/Water Storage Phase III Loan (CJ39M) | 192,500 | 0.00% |
| OPWC 2015 Water Meter Repl & Tank Demo (CJ02S) | 391,990 | 0.00% |
| Total | \$1,253,662 | |

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

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

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 Augspurger 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, 2016

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 | OWDA Loan | OPWC Loan |
|--------------|-----------|-----------|
| December 31: | | |
| 2017 | \$18,214 | \$28,532 |
| 2018 | 36,458 | 57,063 |
| 2019 | 29,670 | 57,063 |
| 2020 | 29,696 | 57,063 |
| 2021 | 29,722 | 57,063 |
| 2022-2026 | 122,166 | 286,941 |
| 2027-2031 | 71,002 | 258,791 |
| 2032-2036 | 63,934 | 121,511 |
| 2037-2041 | 6,393 | 18,800 |
| Total | \$407,255 | \$942,827 |

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, 2016</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 2016, OP&F participants contributed 12.25% (see above chart) of their wages. For 2016, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, 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, 2016.

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, 2016, 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, 2016

NOTE 9 - 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, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. 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 (deductible) 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.

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity 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.

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 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.



Julian & Grube, Inc.
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**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, 2016 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." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
February 23, 2018

VILLAGE OF NEW MIAMI
BUTLER COUNTY, OHIO

STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016

| <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 |

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Dave Yost • Auditor of State

VILLAGE OF NEW MIAMI

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018