

**Village of New Miami,
Butler County, Ohio**

Report on Financial Statements

For the years ended December 31, 2015 and 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of New Miami, Butler County, prepared by Elliott Davis Decosimo, for the audit period January 1, 2014 through December 31, 2015. 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

August 23, 2016

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Independent Auditor's Report

Council Members
Village of New Miami
Butler County, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of New Miami, Butler County, Ohio, (the "Village") which comprise the cash and unencumbered cash for each fund as of December 31, 2015 and 2014, and the related combined statements of receipts, disbursements and changes in fund balances (cash basis) for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United State of America

As described in Note 1 to the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of the Ohio Auditor of State, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Ohio Auditor of State. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on Accounting Principles Generally Accepted in the United State of America

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the Village as of December 31, 2015 and 2014, and their respective receipts, disbursements, and changes in fund balances (cash basis) for the years then ended, in accordance with the financial reporting provisions of the Ohio Auditor of State described in Note 1.

Implementation of New Accounting Standard

As discussed in Note 8 to the financial statements, the Village adopted the relevant presentation provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance



Cincinnati, Ohio
June 28, 2016

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, 2015

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts					
Property and local taxes	\$ 37,638	\$ 104,784	\$ -	\$ -	\$ 142,422
Municipal income tax	123,515	-	-	-	123,515
Intergovernmental	61,650	119,852	-	-	181,502
Charges for services	399	32,086	-	-	32,485
Fines, licenses and permits	43,862	872	-	-	44,734
Earnings on investments	1,015	44	-	-	1,059
Special assessments	-	-	20,659	-	20,659
Miscellaneous	8,658	7,614	-	-	16,272
Total cash receipts	<u>276,737</u>	<u>265,252</u>	<u>20,659</u>	<u>-</u>	<u>562,648</u>
Cash disbursements					
Current:					
Security of persons and property	129,755	134,076	-	-	263,831
Public health service	9,469	-	-	-	9,469
Leisure time activities	59,128	-	-	-	59,128
Basic utility services	-	19,038	-	-	19,038
Transportation	80,269	60,959	-	-	141,228
General government	206,194	2,191	-	-	208,385
Debt service:					
Redemption of principal	-	13,514	9,832	-	23,346
Interest and fiscal charges	-	-	9,454	-	9,454
Capital outlay	53,250	-	-	20,402	73,652
Total cash disbursements	<u>538,065</u>	<u>229,778</u>	<u>19,286</u>	<u>20,402</u>	<u>807,531</u>
Total cash receipts over (under) disbursements	<u>(261,328)</u>	<u>35,474</u>	<u>1,373</u>	<u>(20,402)</u>	<u>(244,883)</u>
Other financing cash receipts (disbursements)					
Other debt proceeds	-	-	-	20,402	20,402
Net change in fund cash balances	<u>(261,328)</u>	<u>35,474</u>	<u>1,373</u>	<u>-</u>	<u>(224,481)</u>
Fund cash balances, January 1	<u>1,538,115</u>	<u>275,863</u>	<u>11,673</u>	<u>-</u>	<u>1,825,651</u>
Fund cash balances, December 31					
Restricted	-	311,337	13,046	-	324,383
Assigned	4,180	-	-	-	4,180
Unassigned	1,272,607	-	-	-	1,272,607
Fund cash balances, December 31	<u>\$ 1,276,787</u>	<u>\$ 311,337</u>	<u>\$ 13,046</u>	<u>\$ -</u>	<u>\$ 1,601,170</u>

See Notes to Financial Statements

Village of New Miami, Butler County, Ohio

Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types

For the year ended December 31, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts					
Property and local taxes	\$ 40,672	\$ 107,656	\$ -	\$ -	\$ 148,328
Municipal income tax	116,435	-	-	-	116,435
Intergovernmental	100,381	113,642	-	-	214,023
Charges for services	4,478	31,980	-	-	36,458
Fines, licenses and permits	200,430	364	-	-	200,794
Earnings on investments	1,105	32	-	-	1,137
Special assessments	-	-	18,289	-	18,289
Miscellaneous	8,835	4,426	-	-	13,261
Total cash receipts	<u>472,336</u>	<u>258,100</u>	<u>18,289</u>	<u>-</u>	<u>748,725</u>
Cash disbursements					
Current:					
Security of persons and property	101,567	83,474	-	-	185,041
Public health service	11,881	-	-	-	11,881
Leisure time activities	89,397	-	-	-	89,397
Basic utility services	-	11,656	-	-	11,656
Transportation	76,381	99,501	-	-	175,882
General government	310,856	1,982	-	-	312,838
Debt service:					
Redemption of principal	-	13,513	9,470	-	22,983
Interest and fiscal charges	-	-	9,816	-	9,816
Capital outlay	68,913	-	-	-	68,913
Total cash disbursements	<u>658,995</u>	<u>210,126</u>	<u>19,286</u>	<u>-</u>	<u>888,407</u>
Total cash receipts over (under) disbursements	<u>(186,659)</u>	<u>47,974</u>	<u>(997)</u>	<u>-</u>	<u>(139,682)</u>
Other financing cash receipts (disbursements)					
Advances in	5,127	-	-	-	5,127
Advances out	-	(5,127)	-	-	(5,127)
Proceeds from sale of capital assets	50,000	-	-	-	50,000
Total other financing cash receipts (disbursements)	<u>55,127</u>	<u>(5,127)</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund cash balances	<u>(131,532)</u>	<u>42,847</u>	<u>(997)</u>	<u>-</u>	<u>(89,682)</u>
Fund cash balances, January 1	<u>1,669,647</u>	<u>233,016</u>	<u>12,670</u>	<u>-</u>	<u>1,915,333</u>
Fund cash balances, December 31					
Restricted	-	275,863	11,673	-	287,536
Assigned	13,833	-	-	-	13,833
Unassigned	1,524,282	-	-	-	1,524,282
Fund cash balances, December 31	<u>\$ 1,538,115</u>	<u>\$ 275,863</u>	<u>\$ 11,673</u>	<u>\$ -</u>	<u>\$ 1,825,651</u>

See Notes to Financial Statements

Village of New Miami, Butler County, Ohio

**Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types
For the years ended December 31, 2015 and 2014**

	All Proprietary and Fiduciary Fund Types					
	December 31, 2015			December 31, 2014		
	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Totals (Memorandum Only)
Operating cash receipts						
Charges for services	\$ 579,574	\$ 340,998	\$ 920,572	\$ 581,672	\$ 344,378	\$ 926,050
Operating cash disbursements						
Personal services	135,356	-	135,356	134,526	-	134,526
Employee fringe benefits	46,735	-	46,735	50,326	-	50,326
Contractual services	245,858	-	245,858	191,882	-	191,882
Supplies and materials	45,216	-	45,216	44,660	-	44,660
Other	8,816	337,368	346,184	8,029	341,322	349,351
Total operating cash disbursements	481,981	337,368	819,349	429,423	341,322	770,745
Operating income	97,593	3,630	101,223	152,249	3,056	155,305
Non-operating cash receipts						
Other non-operating cash receipts	35,904	-	35,904	41,577	2,241	43,818
Other intergovernmental cash receipts	40,000	-	40,000	-	-	-
Total non-operating cash receipts	75,904	-	75,904	41,577	2,241	43,818
Non-operating cash disbursements						
Debt service:						
Redemption of principal	82,431	-	82,431	123,270	-	123,270
Interest and fiscal charges	6,440	-	6,440	12,965	-	12,965
Capital outlay	46,156	-	46,156	583	-	583
Total non-operating cash disbursements	135,027	-	135,027	136,818	-	136,818
Net change in fund cash balances	38,470	3,630	42,100	57,008	5,297	62,305
Fund cash balances, January 1	239,844	101,866	341,710	182,836	96,569	279,405
Fund cash balances, December 31	\$ 278,314	\$ 105,496	\$ 383,810	\$ 239,844	\$ 101,866	\$ 341,710

See Notes to Financial Statements

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies

Description of the entity:

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Miami, Butler County, Ohio, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general governmental services, water and trash utilities, recreation and street maintenance. The Village sewer operations are in the control of Butler County. The Village participates in the Ohio Government Risk Management Plan public entity risk pool which provides the Village with liability and property insurance coverage. Note 9 to the financial statements provides additional information for this entity. The Village's management believes that these financial statements present all activities for which the Village is financially accountable.

Accounting basis:

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Deposits and investments:

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. Money market mutual funds are recorded at the share value reported by the mutual funds.

Fund accounting:

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund – The General Fund reports all financial resources except those required to be accounted for in another fund.
2. Special Revenue Funds – These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax receipts for construction, maintenance and repair of Village streets.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Fund accounting, continued:

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

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

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

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

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

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

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

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

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

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

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Budgetary process:

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

1. Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve annual appropriation measures. Unencumbered appropriations lapse at year end.
2. Estimated Resources – Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.
3. Encumbrances – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

Fund balance:

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
2. Restricted – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
3. Committed – The Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
4. Assigned – *Assigned* fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds, other than the General Fund, report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution or by State Statute.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 1. Summary of Significant Accounting Policies, Continued

Fund balance, continued:

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

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

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.

Accumulated leave:

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unused or unpaid leave.

Transfers from/to other funds:

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There were no transfers for the years ended December 31, 2015 and 2014.

Advances from/to other funds:

Advances-in and advances-out are used for to account for interfund loans wherein there is an expectation of repayment. During 2014, the Fire Levy Special Revenue Fund repaid (from prior advances) the General Fund \$5,127. As of December 31, 2015, there are no outstanding interfund obligations.

Subsequent events:

The Village has evaluated subsequent events for potential recognition and disclosure through June 28, 2016, the date the financial statements were available to be issued.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of deposits and investments as of December 31, 2015 and 2014, are as follows:

	<u>2015</u>	<u>2014</u>
Demand deposits	\$ 1,450,074	\$ 1,632,722
Money market savings	<u>534,906</u>	<u>534,639</u>
Total deposits and investments	<u>\$ 1,984,980</u>	<u>\$ 2,167,361</u>

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

Note 3. Budgetary Activity

Budgetary activity for the years ended December 31, 2015 and 2014, are as follows:

	<u>2015</u>			<u>2014</u>		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
General Fund						
Total receipts	\$ 276,633	\$ 276,737	\$ 104	\$ 522,194	\$ 527,463	\$ 5,269
Total expenditures	<u>(752,875)</u>	<u>(542,245)</u>	<u>210,630</u>	<u>(943,000)</u>	<u>(672,828)</u>	<u>270,172</u>
Net change in fund balance	(476,242)	(265,508)	210,734	(420,806)	(145,365)	275,441
Fund balance at beginning of year	1,524,282	1,524,282	-	1,662,242	1,662,242	-
Prior year encumbrances appropriated	<u>13,833</u>	<u>13,833</u>	<u>-</u>	<u>7,405</u>	<u>7,405</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,061,873</u>	<u>\$ 1,272,607</u>	<u>\$ 210,734</u>	<u>\$ 1,248,841</u>	<u>\$ 1,524,282</u>	<u>\$ 275,441</u>
Special Revenue						
Total receipts	\$ 265,266	\$ 265,252	\$ (14)	\$ 257,319	\$ 258,100	\$ 781
Total expenditures	<u>(303,000)</u>	<u>(231,203)</u>	<u>71,797</u>	<u>(267,100)</u>	<u>(216,350)</u>	<u>50,750</u>
Net change in fund balance	(37,734)	34,049	71,783	(9,781)	41,750	51,531
Fund balance at beginning of year	274,766	274,766	-	232,265	232,265	-
Prior year encumbrances appropriated	<u>1,097</u>	<u>1,097</u>	<u>-</u>	<u>751</u>	<u>751</u>	<u>-</u>
Fund balance at end of year	<u>\$ 238,129</u>	<u>\$ 309,912</u>	<u>\$ 71,783</u>	<u>\$ 223,235</u>	<u>\$ 274,766</u>	<u>\$ 51,531</u>

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 3. Budgetary Activity, Continued

	2015			2014		
	Final Budget	Actual	Variance with Final Budget	Final Budget	Actual	Variance with Final Budget
Debt Service						
Total receipts	\$ 20,659	\$ 20,659	\$ -	\$ 18,289	\$ 18,289	\$ -
Total expenditures	(20,000)	(19,286)	714	(19,600)	(19,286)	314
Net change in fund balance	(659)	1,373	714	(1,311)	(997)	314
Fund balance at beginning of year	11,673	11,673	-	12,670	12,670	-
Prior year encumbrances appropriated	-	-	-	-	-	-
Fund balance at end of year	<u>\$ 12,332</u>	<u>\$ 13,046</u>	<u>\$ 714</u>	<u>\$ 11,359</u>	<u>\$ 11,673</u>	<u>\$ 314</u>
Capital Project						
Total receipts	\$ 391,990	\$ 20,402	\$ (371,588)	\$ -	\$ -	\$ -
Total expenditures	(391,990)	(20,402)	371,588	-	-	-
Net change in fund balance	-	-	-	-	-	-
Fund balance at beginning of year	-	-	-	-	-	-
Prior year encumbrances appropriated	-	-	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Enterprise Fund						
Total receipts	\$ 652,701	\$ 655,478	\$ 2,777	\$ 608,533	\$ 623,249	\$ 14,716
Total expenditures	(673,000)	(619,714)	53,286	(659,405)	(594,059)	65,346
Net change in fund balance	(20,299)	35,764	56,063	(50,872)	29,190	80,062
Fund balance at beginning of year	212,026	212,026	-	178,263	178,263	-
Prior year encumbrances appropriated	27,818	27,818	-	4,573	4,573	-
Fund balance at end of year	<u>\$ 219,545</u>	<u>\$ 275,608</u>	<u>\$ 56,063</u>	<u>\$ 131,964</u>	<u>\$ 212,026</u>	<u>\$ 80,062</u>

The Village had outstanding encumbrances for the years ended December 31, 2015 and 2014, as follows:

	2015	2014
Fund Type:		
General	\$ 4,180	\$ 13,833
Special revenue	1,425	1,097
Enterprise fund	2,706	27,818
Total	<u>\$ 8,311</u>	<u>\$ 42,748</u>

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 that the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due on December 31. The second half payment is due on the following June 20. Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting and distributing all property taxes on behalf of the Village.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 5. Local Income Tax

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

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

Note 6. Debt

Debt outstanding as of December 31, 2015, is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 2003 Waterline Extension Loan (3909)	\$ 16,025	4.28%
OWDA 2005 Phase II Stormwater Improvements Loan (4403)	184,027	3.79%
OWDA 2005 Waterline Extension Loan (4404)	58,016	3.79%
OWDA 2007 Well Rehabilitation Loan (4670)	40,191	1.50%
OWDA 2009 Water Tower Loan (5100)	37,283	4.45%
OPWC 2006 Booster Station Improvement Loan (CJ06J)	42,250	0.00%
OPWC 2006 Augspuriger Waterline Improvement Loan (CJ05J)	66,825	0.00%
OPWC 2007 Water Supply Improvements Loan (CJ01K)	50,000	0.00%
OPWC 2009 Storm Sewer Improvements Phase II Loan (CJ24M)	222,974	0.00%
OPWC 2011 Water Supply/Water Storage Phase III Loan (CJ39M)	206,250	0.00%
OPWC 2015 Water Meter Replacement and Tank Decommissioning (CJ02S)	<u>20,402</u>	0.00%
Total	<u>\$ 944,243</u>	

The OWDA 2003 Waterline Extension Loan (3909) relates to a waterline improvement project. The total amount of the loan issued was \$75,000. The loan is being repaid in 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 paid from Fund 5721- Enterprise Debt Service.

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

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

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 6. Debt, Continued

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

The OWDA 2009 Water Tower Loan (5100) relates to the replacement of the Village's water tower. The total amount of the loan awarded was \$60,000. The loan is being 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.

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 being repaid in semi-annual installments of \$1,625 over 20 years. The last payment is due January 1, 2029. Loan payments are being paid from Fund 5721-Enterprise Debt Service.

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

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

The OPWC 2009 Loan (CJ24M) relates to the storm sewer improvements project. The total amount of the loan awarded was \$300,000. As of December 31, 2015, the Village has drawn \$270,272 on this loan. The loan will be repaid in semi-annual installments over 20 years. A payment amount and amortization schedule will be computed by OPWC upon completion of the project. An amortization schedule has not been established for the OPWC 2009 Storm Sewer Improvements (CJ24M).

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

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 6. Debt, Continued

The OPWC 2015 Loan (CJ02S) relates to water meter replacement and tank decommissioning. The total amount of the loan awarded was \$391,990. As of December 31, 2015, the Village has drawn \$20,402 on this loan. The loan will be repaid in semi-annual installments over 20 years. A payment amount and amortization schedule will be computed by OPWC upon completion of the project.

Amortization of the above debt, including interest, is scheduled as follows for the years ending December 31:

	OWDA 2003 Waterline Extension Loan (3909)	OWDA 2005 Phase II Stormwater Improvements Loan (4403)	OWDA 2005 Waterline Extension Loan (4404)	OWDA 2007 Well Rehabilitation Loan (4670)
2016	\$ 3,414	\$ 6,393	\$ 3,249	\$ 1,909
2017	6,827	12,786	6,499	3,818
2018	6,825	12,786	6,500	3,818
2019	-	12,786	6,499	3,818
2020	-	12,786	6,498	3,818
2021-2025	-	63,930	32,492	19,090
2026-2030	-	63,930	9,750	7,634
2031-2035	-	63,930	-	-
2036-2037	-	19,196	-	-
Total	<u>\$ 17,066</u>	<u>\$ 268,523</u>	<u>\$ 71,487</u>	<u>\$ 43,905</u>

	OWDA 2009 Water Tower Loan (5100)	OWDA 2006 Booster Station Improvement Loan (CJ06J)	OWDA 2006 Augspurger Waterline Improvement Loan (CJ05J)	OWDA 2007 Water Supply Improvement Loan (CJ01K)
2016	\$ 3,334	\$ 1,625	\$ 2,475	\$ 1,000
2017	6,668	3,250	4,950	2,000
2018	6,667	3,250	4,950	2,000
2019	6,668	3,250	4,950	2,000
2020	6,668	3,250	4,950	2,000
2021-2025	13,336	16,250	24,750	10,000
2026-2030	-	11,375	19,800	10,000
2031-2035	-	-	-	10,000
2036-2040	-	-	-	10,000
2041	-	-	-	1,000
Total	<u>\$ 43,341</u>	<u>\$ 42,250</u>	<u>\$ 66,825</u>	<u>\$ 50,000</u>

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 6. Debt, Continued

	OWDA 2011 Water Supply Phase III Loan (CJ39M)	OWDA 2009 Storm Sewer Improvements Project (CJ24M)
2016	\$ 6,875	\$ 6,756
2017	13,750	13,512
2018	13,750	13,512
2019	13,750	13,512
2020	13,750	13,512
2021-2025	68,750	67,560
2026-2030	68,750	67,560
2031-2035	<u>6,875</u>	<u>27,050</u>
Total	<u>\$ 206,250</u>	<u>\$ 222,974</u>

Note 7. Fund Cash Balances

Fund balance is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

December 31, 2015:

	General Fund	Special Revenue	Debt Service	Total (Memoran- dum Only)
Restricted				
Road Maintenance and improvements	\$ -	\$ 117,907	\$ -	\$ 117,907
Basic utility services	-	119,897	-	119,897
Drug and alcohol education and enforcement	-	8,149	-	8,149
Fire operations	-	32,615	-	32,615
Police operations	-	32,769	-	32,769
Debt service	-	-	13,046	13,046
Assigned				
Capital outlay and Other purposes	4,180	-	-	4,180
Unassigned	<u>1,272,607</u>	<u>-</u>	<u>-</u>	<u>1,272,607</u>
Total	<u>\$ 1,276,787</u>	<u>\$ 311,337</u>	<u>\$ 13,046</u>	<u>\$ 1,601,170</u>

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 7. Fund Cash Balances

December 31, 2014:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total (Memoran- dum Only)</u>
Restricted				
Road Maintenance and improvements	\$ -	\$ 76,726	\$ -	\$ 76,726
Basic utility services	-	120,358	-	120,358
Drug and alcohol education and enforcement	-	6,517	-	6,517
Fire operations	-	41,618	-	41,618
Police operations	-	30,644	-	30,644
Debt service	-	-	11,673	11,673
Assigned				
Advertising				
Motor vehicles	13,833	-	-	13,833
Unassigned	<u>1,524,282</u>	<u>-</u>	<u>-</u>	<u>1,524,282</u>
Total	<u>\$ 1,538,115</u>	<u>\$ 275,863</u>	<u>\$ 11,673</u>	<u>\$ 1,825,651</u>

Note 8. Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 8. Defined Benefit Pension Plans, Continued

Plan Description – Ohio Public Employees Retirement System (OPERS), continued

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 8. Defined Benefit Pension Plans, Continued

Plan Description – Ohio Public Employees Retirement System (OPERS), continued

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution for the years ended December 31, 2015 and 2014 were \$43,999 and \$43,688, respectively. The Village has paid all contributions required.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 8. Defined Benefit Pension Plans, Continued

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - Village full-time police and firefighters participate in Ohio Police & Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 8. Defined Benefit Pension Plans, Continued

Plan Description – Ohio Police & Fire Pension Fund (OPF), continued

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF for the years ended December 31, 2015 and 2014 were \$7,368 and \$6,556, respectively. The Village has paid all contributions required.

Note 9. Risk Management

Risk pool membership:

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

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

Village of New Miami, Butler County, Ohio

Notes to Financial Statements

December 31, 2015 and 2014

Note 9. Risk Management, Continued

Risk pool membership, continued:

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012, the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. The Village participates in this coverage.

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

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

The Plan's audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and members' equity as of December 31, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$ 14,830,185	\$ 13,774,304
Liabilities	<u>(8,942,504)</u>	<u>(7,968,395)</u>
Members' equity	<u>\$ 5,887,681</u>	<u>\$ 5,805,909</u>

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

Note 10. Contingent Liabilities

As of December 31, 2015 the Village of New Miami, Ohio has pending litigation in the matter of Doreen Barrow, et.al. v. The Village of New Miami, et al. This matter is still currently pending in the Butler County Common Pleas Court under case number CV2013-07-2047. This matter is a class action law suit contesting the constitutionality of the Village of New Miami's previous automated speed enforcement program. The Plaintiffs sought class certification which was granted by the trial court. The issue of class certification was appealed to the Twelfth District Court of Appeals and remanded back to the Common Pleas Court for further findings. Once those additional findings were made, the class certification was once again granted at the trial court and again the issue was appealed to the Twelfth District Court of Appeals which affirmed the granting of class certification the second time the appeal was heard. The issue of class certification has now been appealed to the Ohio Supreme Court. As of the writing of this letter, the Village is awaiting word from the Supreme Court of Ohio as to whether or not they will hear the Village's appeal.

Village of New Miami, Butler County, Ohio***Notes to Financial Statements******December 31, 2015 and 2014***

Note 10. Contingent Liabilities, Continued

At this time there has not been any monetary damages awarded nor have they been requested in specificity. Any damages awarded under this litigation would not be covered by any of the available liability insurance that the Village of New Miami possessed at the relevant times. In addition to monetary damages, the Plaintiffs are seeking an injunction prohibiting the Village of New Miami from operating the old automated speed enforcement program. The old automated speed enforcement program is no longer active in the Village of New Miami. The Ohio Legislature' passed new legislation concerning the implementation and use of an automated speed enforcement program by municipalities. The Village of New Miami amended their ordinance to comply with the new state law At this time the Village of New Miami has no intent on attempting an out of court settlement.

Until the final court rulings are complete, as of June 28, 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.



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

Council Members
Village of New Miami
Butler County, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of New Miami, Butler County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Village's financial statements, and have issued our report thereon dated June 28, 2016, in which it is noted that the Village prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is a basis other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Elliott Davis Decosimo, LLC". The signature is written in a cursive style with a large, sweeping initial 'E'.

Cincinnati, Ohio
June 28, 2016

Village of New Miami, Butler County, Ohio

Schedule of Findings and Responses

December 31, 2015 and 2014

None Noted

Village of New Miami, Butler County, Ohio***Schedule of Prior Audit Findings******December 31, 2015 and 2014***

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</u>
2013-001	Finding for lack of review of bank reconciliation	Yes	
2009-001	Finding for recovery against Joseph Ebbing	No	Not corrected - not repaid as of June 28, 2016.



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
SEPTEMBER 6, 2016**