

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358



Certified Public Accountants, A.C.

**VILLAGE OF MARIEMONT
HAMILTON COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Mariemont
6907 Wooster Pike
Cincinnati, Ohio 45227

We have reviewed the *Independent Auditor's Report* of the Village of Mariemont, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 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 Mariemont is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2017

VILLAGE OF MARIEMONT
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2016	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type – For the Year Ended December 31, 2015	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	14
Schedule of Audit Findings	16

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INDEPENDENT AUDITOR'S REPORT

June 26, 2017

Village of Mariemont
Hamilton County
6907 Wooster Pike
Cincinnati, OH 45227

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Mariemont**, Hamilton County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Mariemont, Hamilton County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF MARIEMONT
HAMILTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 312,461	\$ 244,938	\$ 334,653	\$ 892,052
Municipal Income Tax	2,244,703	-	-	2,244,703
Intergovernmental	136,726	162,395	51,767	350,888
Charges for Services	336,990	75,634	-	412,624
Fines, Licenses and Permits	190,644	21,042	-	211,686
Earnings on Investments	403	-	-	403
Miscellaneous	80,243	-	27,123	107,366
<i>Total Cash Receipts</i>	<u>3,302,170</u>	<u>504,009</u>	<u>413,543</u>	<u>4,219,722</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,656,034	270,458	-	1,926,492
Public Health Services	8,920	-	-	8,920
Leisure Time Activities	679,297	-	-	679,297
Community Environment	77,453	59,121	-	136,574
Basic Utility Service	260,482	44,069	-	304,551
Transportation	14,796	102,334	-	117,130
General Government	607,606	3,183	4,185	614,974
Capital Outlay	-	-	486,499	486,499
<i>Total Cash Disbursements</i>	<u>3,304,588</u>	<u>479,165</u>	<u>490,684</u>	<u>4,274,437</u>
<i>Net Change in Fund Cash Balances</i>	(2,418)	24,844	(77,141)	(54,715)
<i>Fund Cash Balances, January 1</i>	<u>1,227,322</u>	<u>130,525</u>	<u>227,669</u>	<u>1,585,516</u>
Fund Cash Balances, December 31				
Restricted	-	155,369	150,528	305,897
Assigned	152,879	-	-	152,879
Unassigned	1,072,025	-	-	1,072,025
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,224,904</u>	<u>\$ 155,369</u>	<u>\$ 150,528</u>	<u>\$ 1,530,801</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF MARIEMONT
HAMILTON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Agency</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 629</u>
<i>Total Operating Cash Receipts</i>	<u>629</u>
Operating Cash Disbursements	
Employee Fringe Benefits	<u>525</u>
<i>Total Operating Cash Disbursements</i>	<u>525</u>
<i>Operating Income</i>	<u>104</u>
Non-Operating Receipts (Disbursements)	
Other Financing Sources	121,142
Other Financing Uses	<u>(125,127)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,985)</u>
<i>Net Change in Fund Cash Balances</i>	(3,881)
<i>Fund Cash Balances, January 1</i>	<u>12,691</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 8,810</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MARIEMONT
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 344,371	\$ 244,094	\$ 331,336	\$ 919,801
Municipal Income Tax	2,132,044	-	-	2,132,044
Intergovernmental	80,656	247,598	114,152	442,406
Charges for Services	336,679	136,085	-	472,764
Fines, Licenses and Permits	202,538	17,225	-	219,763
Earnings on Investments	404	-	-	404
Miscellaneous	23,117	-	5,850	28,967
<i>Total Cash Receipts</i>	<u>3,119,809</u>	<u>645,002</u>	<u>451,338</u>	<u>4,216,149</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,576,103	292,119	-	1,868,222
Public Health Services	8,071	-	-	8,071
Leisure Time Activities	672,656	-	-	672,656
Community Environment	96,712	63,000	-	159,712
Basic Utility Services	284,396	33,085	-	317,481
Transportation	19,514	264,174	-	283,688
General Government	586,768	3,239	-	590,007
Capital Outlay	-	-	514,882	514,882
Debt Service:				
Principal Retirement	-	-	249,352	249,352
Interest and Fiscal Charges	-	-	4,937	4,937
<i>Total Cash Disbursements</i>	<u>3,244,220</u>	<u>655,617</u>	<u>769,171</u>	<u>4,669,008</u>
<i>Excess of Receipts (Under) Disbursements</i>	<u>(124,411)</u>	<u>(10,615)</u>	<u>(317,833)</u>	<u>(452,859)</u>
Other Financing Receipts				
Sale of Fixed Assets	19,915	-	13,321	33,236
<i>Total Other Financing Receipts</i>	<u>19,915</u>	<u>-</u>	<u>13,321</u>	<u>33,236</u>
<i>Net Change in Fund Cash Balances</i>	<u>(104,496)</u>	<u>(10,615)</u>	<u>(304,512)</u>	<u>(419,623)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,331,818</u>	<u>141,140</u>	<u>532,181</u>	<u>2,005,139</u>
Fund Cash Balances, December 31				
Restricted	-	130,525	227,669	358,194
Assigned	105,146	-	-	105,146
Unassigned	1,122,176	-	-	1,122,176
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,227,322</u>	<u>\$ 130,525</u>	<u>\$ 227,669</u>	<u>\$ 1,585,516</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MARIEMONT
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Agency
Operating Cash Receipts	
Charges for Services	\$ 987
<i>Total Operating Cash Receipts</i>	987
Operating Cash Disbursements	
Employee Fringe Benefits	678
<i>Total Operating Cash Disbursements</i>	678
<i>Operating Income</i>	309
Non-Operating Receipts (Disbursements)	
Other Financing Sources	127,869
Other Financing Uses	(126,625)
<i>Total Non-Operating Receipts (Disbursements)</i>	1,244
<i>Net Change in Fund Cash Balances</i>	1,553
<i>Fund Cash Balances, January 1</i>	11,138
<i>Fund Cash Balances, December 31</i>	\$ 12,691

The notes to the financial statements are an integral part of this statement.

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

Note 1 – Reporting Entity

The Village of Mariemont (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected Mayor and six-member Council direct the Village. The Village provides general governmental services, including park operations and other leisure time activities, waste pick-up and police and fire services.

Public Entity Risk Pools

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

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.

Special Revenue Funds - These funds account for and report the proceeds of specific 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 – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

Paramedics Fund – The Paramedics Fund accounts for and reports money from a levy to cover the costs of providing paramedic services to the Village residents.

MariElders Fund – The MariElders Fund accounts for and reports money from a levy to cover the costs of providing services for the Village's senior citizens.

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Permanent Improvement Fund – The Permanent Improvement Fund accounts for and receives money from a levy for street repairs; installation and repair of curbs, sidewalks and storm sewers; tree maintenance; upgrading of parks; upgrading of street lights; reducing erosion; and the purchase of equipment and facilities for police, fire and administrative departments.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court activity.

Basis of Accounting

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.

Budgetary Process

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

Appropriations – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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.

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

A summary of 2016 and 2015 budgetary activity appears in Note 4.

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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:

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

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.

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.

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.

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

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

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Permanent Improvement Fund by \$15,659 for the year ended December 31, 2016.

Note 4 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,150,000	\$ 3,302,170	\$ 152,170
Special Revenue	474,800	504,009	29,209
Capital Projects	384,200	413,543	29,343
Agency	2,600	629	(1,971)
Total	<u>\$ 4,011,600</u>	<u>\$ 4,220,351</u>	<u>\$ 208,751</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,615,296	\$ 3,457,467	\$ 157,829
Special Revenue	544,667	489,879	54,788
Capital Projects	505,471	521,130	(15,659)
Agency	3,000	576	2,424
Total	<u>\$ 4,668,434</u>	<u>\$ 4,469,052</u>	<u>\$ 199,382</u>

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,245,000	\$ 3,139,724	\$ (105,276)
Special Revenue	635,100	645,002	9,902
Capital Projects	435,000	464,659	29,659
Agency	3,300	987	(2,313)
Total	<u>\$ 4,318,400</u>	<u>\$ 4,250,372</u>	<u>\$ (68,028)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,605,704	\$ 3,349,366	\$ 256,338
Special Revenue	701,480	661,784	39,696
Capital Projects	836,805	781,642	55,163
Agency	3,055	678	2,377
Total	<u>\$ 5,147,044</u>	<u>\$ 4,793,470</u>	<u>\$ 353,574</u>

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 5 - Deposits

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

	2016	2015
Demand deposits	\$ 1,337,535	\$ 1,396,534
Certificate of deposit	202,076	201,673
Total deposits	\$ 1,539,611	\$ 1,598,207

Deposits

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

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1.25% 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 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 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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.

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 7 – Risk Management (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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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, 2015 and 2014 (the latest information available).

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

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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.

VILLAGE OF MARIEMONT
HAMILTON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)

Note 8 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

The Village's law enforcement officers and firefighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F full-time police and firefighter participants contributed 11.5% of their wages from January 1, 2015 through June 30, 2015 and 12.25% of their wages from July 1, 2015 through December 31, 2016. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and an amount equal to 24% of full-time firefighter members' wages. The Village has paid all contributions required through December 31, 2016.

Note 9 – 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. OPERS contributes 2% of the employer contribution to fund these benefits, and OP&F contributes 0.5% to fund these benefits.

Note 10 – Debt

The Village had a capital lease for a fire truck during the audit period. The lease was repaid in 2015.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 26, 2017

Village of Mariemont
Hamilton County
6907 Wooster Pike
Cincinnati, OH 45227

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Mariemont**, Hamilton County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 26, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

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Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2016-001 and 2016-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 26, 2017.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF MARIEMONT
HAMILTON COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Material Weakness/Noncompliance

Ohio Revised Code Section 5705.09 states that each subdivision must establish the following funds:

- General Fund;
- Sinking Fund whenever the subdivision has outstanding bonds other than serial bonds;
- Bond Retirement Fund, for the retirement of serial bonds, notes, or certificates of indebtedness;
- A special fund for each special levy;
- A special bond fund for each bond issue;
- A special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose;
- A special fund for each public utility operated by a subdivision;
- A trust fund for any amount received by a subdivision in trust.

The Village receives Permissive Motor Vehicle License Tax funds; however, the Village has not established a Permissive Motor Vehicle License Tax Fund for tracking the receipts and disbursements of this special revenue source. Funds were posted to the Street and State Highway Funds.

We recommend the Village establish a Permissive Motor Vehicle License Tax Fund in the Village's accounting system and begin tracking receipts and disbursements within that fund.

Management's Response – We will work with our audit firm to establish this required fund.

FINDING NUMBER 2016-002

Material Weakness

Posting Receipts, Disbursement and Classification of Fund Balances

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – "Fund Balance Reporting and Governmental Fund Type Definitions."

Receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Mayor's Court activity was not properly recorded in an agency fund in 2016 or 2015;
- Liquor permit funds were recorded as Licenses, Permits and Fees and Miscellaneous instead of Intergovernmental in the General Fund in 2016;
- Rollback receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the General, Paramedics, MarieElders, and Permanent Improvement Funds in 2016 and 2015;
- Law enforcement and safety grants were recorded as Miscellaneous instead of Intergovernmental in the General Fund in 2016;
- Interest receipts from the certificate of deposit were not recorded in 2016 and 2015;
- Special Revenue Fund balances were classified as Assigned instead of Restricted in 2016 and 2015;
- Motor Vehicle License Tax receipts were not properly allocated between the Street and State Highway Funds in 2016;
- Capital Project Fund balances were classified as Assigned instead of Restricted in 2016 and 2015;
- County funds for sidewalk project were recorded as Miscellaneous instead of Intergovernmental in the Permanent Improvement Fund in 2016;

VILLAGE OF MARIEMONT
HAMILTON COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2016-002 (Continued)

Posting Receipts, Disbursement and Classification of Fund Balances (Continued)

- Sale of fixed asset was recorded as Miscellaneous instead of Sale of Fixed Assets in the General Fund in 2015;
- Permanent Improvement Fund was presented as a special revenue fund instead of a capital projects fund in 2015;
- Health Insurance and Building Standards Fee Funds were presented as special revenue funds instead of agency funds in 2015;
- Tax settlement was recorded in the wrong funds in 2015.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The financial statements reflect all adjustments and reclassifications. The Village has made all adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements. We recommend the Village ensure that the account codes used within its accounting system roll-up into the correct line item on the Village's financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and refer to the Auditor of State Technical Bulletin 2011-004 to determine proper classification of fund types.

Management's Response – We will be more diligent in recording receipts in the proper account in the future.

FINDING NUMBER 2016-003

Noncompliance

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in in the Permanent Improvement Fund in the year ended December 31, 2016.

We recommend the Village Fiscal Officer modify appropriations with the Village Council before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – Encumbrances were not calculated into the appropriations, but will be for the future.

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Dave Yost • Auditor of State

VILLAGE OF MARIEMONT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 3, 2017