

**VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2015 AND 2014**





# Dave Yost • Auditor of State

Village Council  
Village of Addyston  
235 Main Street  
Addyston, Ohio 45001

We have reviewed the *Independent Auditor's Report* of the Village of Addyston, Hamilton County, prepared by Bastin & Company, LLC, 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 Addyston is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 21, 2017

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VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO

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**Bastin & Company, LLC**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT**

Village of Addyston  
Hamilton County  
235 Main Street  
Addyston, Ohio 45001

To the Members of Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Addyston, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014.

***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.

***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, 2015 and 2014, or changes in financial position or cash flows 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 Addyston, Hamilton County, Ohio, as of December 31, 2015 and 2014, 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 December 12, 2016, 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.

*Bastin & Company, LLC*

Cincinnati, Ohio  
December 12, 2016



**VILLAGE OF ADDYSTON  
HAMILTON 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	Capital Projects	
<i>Cash Receipts</i>				
Property and Other Local Taxes	\$ 120,539	\$ 70,107	\$ -	\$ 190,646
Municipal Income Tax	433,766	-	-	433,766
Intergovernmental	24,513	34,174	-	58,687
Charges for Services	1,871	-	-	1,871
Fines, Licenses and Permits	121,838	531	-	122,369
Earnings on Investments	814	-	-	814
Miscellaneous	19,414	478	-	19,892
<b>Total Cash Receipts</b>	<b>722,755</b>	<b>105,290</b>	<b>-</b>	<b>828,045</b>
<i>Cash Disbursements</i>				
Current:				
Security of Persons and Property	296,285	57,258	-	353,543
Leisure Time Activities	20,525	-	-	20,525
Basic Utility Services	25,078	-	-	25,078
Transportation	154,133	34,303	-	188,436
General Government	309,024	3,464	-	312,488
Capital Outlay	-	-	3,000	3,000
Debt Service:				
Principal Retirement	3,118	-	-	3,118
Interest and Fiscal Charges	604	-	-	604
<b>Total Cash Disbursements</b>	<b>808,767</b>	<b>95,025</b>	<b>3,000</b>	<b>906,792</b>
Net Change in Fund Cash Balances	(86,012)	10,265	(3,000)	(78,747)
Fund Cash Balances, January 1	772,469	89,913	19,448	881,830
Fund Cash Balances, December 31				
Restricted	-	100,178	16,448	116,626
Unassigned	686,457	-	-	686,457
<b>Fund Cash Balances, December 31</b>	<b>\$ 686,457</b>	<b>\$ 100,178</b>	<b>\$ 16,448</b>	<b>\$ 803,083</b>

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

**VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	<u>Only</u>
<i>Operating Cash Receipts</i>			
Charges for Services	\$ 312,001	\$ -	\$ 312,001
	<u>312,001</u>	<u>-</u>	<u>312,001</u>
<i>Operating Cash Disbursements</i>			
Personal Services	48,544	-	48,544
Employee Fringe Benefits	9,465	-	9,465
Contractual Services	192,720	-	192,720
Supplies and Materials	30,133	-	30,133
	<u>280,862</u>	<u>-</u>	<u>280,862</u>
Total Operating Cash Disbursements	<u>280,862</u>	<u>-</u>	<u>280,862</u>
Operating Income	<u>31,139</u>	<u>-</u>	<u>31,139</u>
<i>Non-Operating Receipts (Disbursements)</i>			
Property and Other Local Taxes	17,686	-	17,686
Intergovernmental	783	-	783
Principal Retirement	(29,197)	-	(29,197)
Interest and Other Fiscal Charges	(6,025)	-	(6,025)
Other Financing Sources	-	135,979	135,979
Other Financing Uses	-	(142,276)	(142,276)
	<u>(16,753)</u>	<u>(6,297)</u>	<u>(23,050)</u>
Total Non-Operating Cash Disbursements	<u>(16,753)</u>	<u>(6,297)</u>	<u>(23,050)</u>
Net Change in Fund Cash Balances	14,386	(6,297)	8,089
Fund Cash Balances, January 1	<u>59,532</u>	<u>16,225</u>	<u>75,757</u>
Fund Cash Balances, December 31	<u>\$ 73,918</u>	<u>\$ 9,928</u>	<u>\$ 83,846</u>

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

**VILLAGE OF ADDYSTON  
HAMILTON 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	Capital Projects	
<i>Cash Receipts</i>				
Property and Other Local Taxes	\$ 124,202	\$ 66,038	\$ -	\$ 190,240
Municipal Income Tax	1,299,768	-	-	1,299,768
Intergovernmental	18,923	34,174	10,000	63,097
Charges for Services	2,485	-	-	2,485
Fines, Licenses and Permits	91,182	569	-	91,751
Earnings on Investments	1,205	-	-	1,205
Miscellaneous	5,679	8,686	-	14,365
<b>Total Cash Receipts</b>	<b>1,543,444</b>	<b>109,467</b>	<b>10,000</b>	<b>1,662,911</b>
<i>Cash Disbursements</i>				
Current:				
Security of Persons and Property	274,600	60,699	-	335,299
Leisure Time Activities	760	-	-	760
Basic Utility Services	20,506	-	-	20,506
Transportation	129,533	23,441	-	152,974
General Government	508,461	2,104	-	510,565
Capital Outlay	69,148	-	-	69,148
Debt Service:				
Principal Retirement	25,849	-	-	25,849
Interest and Fiscal Charges	3,849	-	-	3,849
<b>Total Cash Disbursements</b>	<b>1,032,706</b>	<b>86,244</b>	<b>-</b>	<b>1,118,950</b>
Excess of Receipts Over (Under) Disbursements	510,738	23,223	10,000	543,961
<i>Other Financing Receipts (Disbursements)</i>				
Other Debt Proceeds	69,148	-	-	69,148
Sale of Fixed Assets	10,600	-	-	10,600
<b>Total Other Financing Receipts (Disbursements)</b>	<b>79,748</b>	<b>-</b>	<b>-</b>	<b>79,748</b>
Net Change in Fund Cash Balances	590,486	23,223	10,000	623,709
Fund Cash Balances, January 1	181,983	66,690	9,448	258,121
Fund Cash Balances, December 31				
Restricted	-	89,913	19,448	109,361
Unassigned	772,469	-	-	772,469
<b>Fund Cash Balances, December 31</b>	<b>\$ 772,469</b>	<b>\$ 89,913</b>	<b>\$ 19,448</b>	<b>\$ 881,830</b>

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

**VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<i>Operating Cash Receipts</i>			
Charges for Services	\$ 302,803	\$ -	\$ 302,803
Total Operating Cash Receipts	<u>302,803</u>	<u>-</u>	<u>302,803</u>
<i>Operating Cash Disbursements</i>			
Personal Services	46,659	-	46,659
Employee Fringe Benefits	10,333	-	10,333
Contractual Services	177,952	-	177,952
Supplies and Materials	39,077	-	39,077
Total Operating Cash Disbursements	<u>274,021</u>	<u>-</u>	<u>274,021</u>
Operating Income	<u>28,782</u>	<u>-</u>	<u>28,782</u>
<i>Non-Operating Receipts (Disbursements)</i>			
Property and Other Local Taxes	22,671	-	22,671
Intergovernmental	2,777	-	2,777
Other Debt Proceeds	15,035	-	15,035
Principal Retirement	(39,764)	-	(39,764)
Interest and Other Fiscal Charges	(9,159)	-	(9,159)
Other Financing Sources	-	106,218	106,218
Other Financing Uses	-	(103,854)	(103,854)
Total Non-Operating Receipts (Disbursements)	<u>(8,440)</u>	<u>2,364</u>	<u>(6,076)</u>
Net Change in Fund Cash Balances	20,342	2,364	22,706
Fund Cash Balances, January 1	<u>39,190</u>	<u>13,861</u>	<u>53,051</u>
Fund Cash Balances, December 31	<u>\$ 59,532</u>	<u>\$ 16,225</u>	<u>\$ 75,757</u>

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

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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**Note 1 - Reporting Entity**

The Village of Addyston (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 six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Miami Township to receive fire protection services.

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (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 revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

***Fire Revenue Fund*** The Fire Revenue Fund receives tax levy revenues for the purpose of contract services for fire and EMS services.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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**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 project funds:

**Boat Ramp Fund** The Boat Ramp Fund accounts for a grant from the State of Ohio for a mixed boat ramp/land use project located within the Village

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

**Water Fund** The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**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 fund accounts for the financial activity of the Village Mayor's Court.

***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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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**Estimated Resources** Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 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 4.

***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.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

**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.

**Note 3 - Compliance**

Contrary to Ohio Revised Code, Section 5705.10, as of December 31, 2015 the Village maintained a deficit cash balance in the Permissive Motor Vehicle License Tax Fund that indicates money from other funds has been used to pay the obligations of this fund.

**Note 4 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 622,431	\$ 722,755	\$ 100,324
Special Revenue	96,526	105,290	8,764
Capital Projects	63,500	-	(63,500)
Enterprise	365,552	330,470	(35,082)
Total	\$ 1,148,009	\$ 1,158,515	\$ 10,506

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,125,976	\$ 808,767	\$ 317,209
Special Revenue	178,179	95,025	83,154
Capital Projects	73,867	3,000	70,867
Enterprise	399,135	316,084	83,051
Total	\$ 1,777,157	\$ 1,222,876	\$ 554,281



**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

2014 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$ 1,341,876	\$ 1,623,192	\$ 281,316
Special Revenue	73,191	109,467	36,276
Capital Projects	10,000	10,000	-
Enterprise	351,740	343,286	(8,454)
Total	\$ 1,776,807	\$ 2,085,945	\$ 309,138

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 1,384,558	\$ 1,032,706	\$ 351,852
Special Revenue	122,143	86,244	35,899
Capital Projects	18,186	-	18,186
Enterprise	373,153	322,944	50,209
Total	\$ 1,898,040	\$ 1,441,894	\$ 456,146

**Note 5 – Deposits and Investments**

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

	2015	2014
Demand deposits	\$886,929	\$957,587

*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.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

For 2014, municipal income taxes reflect a significant increase due to collecting taxes from a manufacturing company located within the Village covering the years 2005 through 2012.

**Note 7 - Risk Management**

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Assets	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government's share of these unpaid claims collectible in future years is approximately \$4,000.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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

<u>Contributions to PEP</u>	
2015	\$6,932
2014	4,960

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

**Note 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. For 2014 and 2015, 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, 2015.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers 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. For January 1, 2014-June 30, 2014 OP&F participants contributed 10.75% of their wages. For July 1, 2014-June 30, 2015 participants contributed 11.5%. For July 1, 2015-December 31, 2015 participants contributed 12.25%. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

**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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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**Note 10 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Rehabilitation - OPWC #CB007	\$ 15,900	0.00%
Water Service Replacements - OPWC #CB24E	130,239	3.00%
Well Field Water Main Replacement - OPWC #CT04E	38,696	0.00%
Second Street Waterline Replacement - OWDA #5879	85,374	2.00%
Police Cruisers Capital Lease PNC Equipment Leasing	40,180	5.45%
Total	<u>\$ 310,389</u>	

During 1999, the Village was awarded Ohio Public Works Commission Loan #CB007 in the amount of \$106,000. Proceeds from the loan were used to finance water service rehabilitation. The Village is making semi-annual payments of \$2,650 with the final payment due January 1, 2019.

During 2003, the Village was awarded Ohio Public Works Commission Loan #CB24E in the amount of \$292,000. Proceeds from the loan were used to finance water service replacements. The Village is making semi-annual payments of \$9,761 with the final payment due July 1, 2023.

During 2005, the Village was awarded Ohio Public Works Commission Loan #CT04E in the amount of \$85,992. Proceeds from the loan were used to finance a well field water main replacement. The Village is making semi-annual payments of \$2,150 with the final payment due January 1, 2025.

During 2011, the Village was awarded Ohio Water Development Authority Loan #5879 in the amount of \$109,556. Proceeds from the loan were used to finance the Second Street Waterline Replacement. As of December 31, 2015, \$101,153 of the funds had been disbursed by OWDA for project costs. The Village is making semi-annual payments of \$3,050 with the final payment due July 1, 2032.

***Leases***

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$3,722 and \$29,696 to pay lease costs for the year ended December 31, 2015 and 2014, respectively.

During 2014, the Village entered into a capital lease purchase agreement with Ford Credit Municipal Finance in the amount of \$69,148. The Capital Lease was for two new 2014 Ford Interceptor police cruisers. The Village is making quarterly payments of \$4,774. Payments are due quarterly with the final payment due January 14, 2018.

**VILLAGE OF ADDYSTON**  
**Hamilton County, Ohio**

**Notes to the Financial Statements**  
**For the Years Ended December 31, 2015 and 2014**

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

Year ending December 31:	Water System Rehabilitation	Water Service Replacements	Well Field Water Main Replacement	Second Street Waterlin Replacement	Cruisers Capital Lease	Total
2016	\$ 5,300	\$ 19,521	\$ 4,300	\$ 6,100	\$ 19,096	\$ 54,317
2017	5,300	19,521	4,300	6,100	19,097	\$ 54,318
2018	5,300	19,521	4,300	6,100	4,774	\$ 39,995
2019	-	19,521	4,300	6,100	-	\$ 29,921
2020	-	19,521	4,300	6,100	-	\$ 29,921
2021-2025	-	48,805	17,196	30,500	-	\$ 96,501
2025-2030	-	-	-	30,500	-	\$ 30,500
2031-2035	-	-	-	9,150	-	\$ 9,150
Total	<u>\$ 15,900</u>	<u>\$ 146,410</u>	<u>\$ 38,696</u>	<u>\$ 100,650</u>	<u>\$ 42,967</u>	<u>\$ 344,623</u>

**Note 10 – 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.

# Bastin & Company, LLC

*Certified Public Accountants*

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

Village of Addyston  
Hamilton County  
235 Main Street  
Addyston, Ohio 45001

To the Members of 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 Addyston, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 12, 2016 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 opinion(s) 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-01 to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Entity'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-02.

### ***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of 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.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
December 12, 2016

**VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**FINDING NUMBER 2015-01**

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Village's internal control.

*Adjustments that Changes Fund Cash Balances*

Ohio Revised Code §5735.28 states motor vehicle registration, cents-per-gallon and gasoline tax monies are to be paid into the Street Construction, Maintenance and Repair Fund unless the Village is on the line of the state highway system as designated by the director of transportation and then 7.5% of the amount paid to any village shall be receipted into the State Highway Fund. In addition, Ohio Revised Code §4504.15 provides that proceeds from the motor vehicle license tax should be distributed by the County to the municipal corporations not levying a tax under Ohio Rev. Code §4504.17. These tax monies should be posted to the Village's Permissive Motor Vehicle License Tax Fund.

During 2015 and 2014 the Village recorded transactions related to these receipts into the incorrect funds and/or did not properly allocate amounts to the correct funds. As a result, correcting entries have been made to the financial statements. The cumulative effect on the December 31, 2015 individual fund cash balances are as follows:

<u>Fund</u>	Increase <u>(Decrease)</u>
General	\$ 1,229
Street Construction Maintenance and Repair	33,200
State Highway	2,691
Permissive Motor Vehicle License Tax	(35,621)
Water	(903)
Sewer	<u>(596)</u>
Total	<u>\$ -</u>

During 2015 and 2014, debt principal and interest payments were not posted in accordance with the Village's debt payment policy. Amounts related to the retirement of certain OPWC and OWDA loans were incorrectly posted to the Water Fund instead of the Water Notes Fund. In addition, during 2014 the Village recorded a transfer of \$18,466 from the Water Notes Fund to the Water Fund to compensate the Water Fund for these payments.

As a result, correcting entries have been made to the financial statements to properly record debt payments and eliminate the transfer. The cumulative effect on the December 31, 2015 individual fund cash balances are as follows:

<u>Fund</u>	Increase <u>(Decrease)</u>
Water	\$216
Water Notes	<u>(216)</u>
Total	<u>\$ -</u>



### ***Adjustments for Net Amounts***

During 2014 a capital lease transaction for police cruisers was not recorded. As a result, proceeds and related capital expenditures were recorded in the General Fund totaling \$69,148.

During 2015 and 2014, fees attributed to the Village's income tax collection company that were netted against income tax receipts were not recorded. As a result, income tax receipts and related general government expenses were recorded in the General Fund totaling \$12,646 for 2015 and \$36,540 for 2014.

During 2015 and 2014, fees attributed to the Village's property tax settlements that were netted against property tax receipts were not recorded. As a result property tax receipts and related general government or contractual expenses were recorded in various funds that are credited with property taxes totaling \$10,494 for 2015 and \$8,801 for 2014.

### ***Reclassifications***

In addition to the above correcting entries, additional entries were made for 2015 and 2014 to properly classify transactions to proper line items. The items requiring reclassifications are as follows:

- Debt payments were recorded in the Water Notes Fund as capital outlay for 2015 and 2014 instead of principal and interest.
- Debt payments recorded in the General Fund were not properly broken down between principal and interest amounts for 2015 and 2014.
- Expenditure amounts recorded as other financial uses were reclassified to general government expense.
- Income tax receipts and proceeds from the sale of capital assets were recorded as charges for services in the General Fund for 2014.
- Intergovernmental type revenues in the Street Construction Maintenance and Repair, State Highway and Permissive Motor Vehicle License Tax Funds were recorded as property and other local taxes for 2015 and 2014.
- Various other individual receipt and expenditure transactions affecting various funds were also found to be incorrectly coded during 2015 and 2104 and corrected for proper presentation.

### ***Budgetary Data***

During 2015 and 2014, the Village did not update information in the accounting system regarding budgeted receipts when amendments to the certificate of estimated resources were made. In addition, the accounting system contained budgetary data for amounts appropriated which did not equal appropriations passed by Village Council. As a result, recorded budgetary data did not reflect official budgeted data for either year.

The Village's financial statements and footnotes have been adjusted to reflect proper amounts.

The presentation of materially correct financial statements is the responsibility of management. Properly presented financial statements and supporting accounting records demonstrate the Village's financial accountability to the public and to the Village Council. The Village should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

**Village's Response**

The Village will attempt to more closely monitor the recording of transactions in the future. The adjustments to fund balances needed to correct individual fund cash balances to equal audited balances as of December 31, 2015 have been made to the financial records of the Village.

**FINDING NUMBER 2015-02**

**Noncompliance Citation - Negative Cash Balances**

Ohio Revised Code, Section 5705.10 provides that money paid into any fund shall be used only for purposes for which such fund is established. A deficit cash balance in a fund indicates money from other fund has been used to pay the fund's obligations. After recording audit adjustments for 2015 and 2014 to correct for the proper recording of receipts, the Permissive Motor Vehicle License Tax Fund maintains a negative cash balance of \$6,699 as of December 31, 2015.

**Village's Response**

The Village will monitor this fund and limit future expenditures to correct the negative balance.

**VILLAGE OF ADDYSTON  
HAMILTON COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2013-01	Internal controls over financial reporting, audit adjustments.	No	Reissued as finding 2015-01.
2013-02	Negative cash fund balances.	No	Reissued as finding 2015-02.
2013-03	ORC section 5705.41(B), expenditures in excess of appropriations.	Yes	Condition not present for this audit period.
2013-04	ORC section 5705.39 appropriations in excess of estimated resources.	Yes	Condition not present for this audit period.
2013-05	ORC section 5705.36(A)(4) appropriations in excess of actual resources	Yes	Condition not present for this audit period.

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# Dave Yost • Auditor of State

VILLAGE OF ADDYSTON

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  
APRIL 4, 2017