



Mary Taylor, CPA
Auditor of State

VILLAGE OF MAINEVILLE
WARREN COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Maineville
Warren County
8188 St. Route 48
Maineville, Ohio 45039

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 21, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Maineville
Warren County
8188 St. Route 48
Maineville, Ohio 45039

To the Village Council:

We have audited the accompanying financial statements of the Village of Maineville, Warren County, Ohio (the Village), as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Maineville, Warren County, as of December 31, 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

July 21, 2010

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Local Taxes	\$34,619	\$19,119	\$0	\$0	\$53,738
Municipal Income Tax	241,947				241,947
Intergovernmental	16,228	71,535	55,776		143,539
Special Assessments	96				96
Charges for Services	57,856				57,856
Fines, Licenses and Permits	36,363	3,025			39,388
Earnings on Investments	5,090	1,332			6,422
Miscellaneous	13,405	4,058			17,463
Total Cash Receipts	405,604	99,069	55,776	0	560,449
Cash Disbursements:					
Current:					
Security of Persons and Property	136,313	1,294			137,607
Community Environment	6,427				6,427
Basic Utility Service	60,387				60,387
Transportation		45,863			45,863
General Government	187,841	10,100			197,941
Debt Service:					
Redemption of Principal	24,074	10,473			34,547
Interest and Fiscal Charges	1,320	4,993			6,313
Capital Outlay		42,982	55,776		98,758
Total Cash Disbursements	416,362	115,705	55,776	0	587,843
Total Receipts Over/(Under) Disbursements	(10,758)	(16,636)	0	0	(27,394)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Bonds		75,000			75,000
Other Financing Sources				48,936	48,936
Other Financing Uses				(48,730)	(48,730)
Total Other Financing Receipts / (Disbursements)	0	75,000	0	206	75,206
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,758)	58,364	0	206	47,812
Fund Cash Balances, January 1	370,755	127,445	0	3,106	501,306
Fund Cash Balances, December 31	<u>\$359,997</u>	<u>\$185,809</u>	<u>\$0</u>	<u>\$3,312</u>	<u>\$549,118</u>

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

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**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Maineville, Warren County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police services. The Village contracts with Rumpke to provide trash services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits

The Village's funds were deposited in a "NOW" checking account and invested in certificates of deposit with a local commercial bank. The Village values its' certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund 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 money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Ohio Public Works Fund – This fund is used to record the related receipts and expenditures received for state grant for road projects.

4. Fiduciary Fund (Agency Fund)

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 account for Maineville Mayor's Court Fund - This fund is used to account for monies received and disbursed for licenses, fines and permits collected by the Mayor's Court.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 the annual appropriation measure. appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 2009 budgetary activity appears in Note 3.

F. 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.

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. 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.

2. Equity in Pooled Deposits

The Village maintains a deposit 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:

	2009
Demand deposits	\$275,487
Certificates of deposit	273,631
Total deposits	\$549,118

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2009 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$370,484	\$405,604	\$35,120
Special Revenue	153,865	174,069	20,204
Capital Projects	617,821	55,776	(562,045)
Total	\$1,142,170	\$635,449	(\$506,721)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$489,593	\$416,362	\$73,231
Special Revenue	164,951	115,705	49,246
Capital Projects	617,821	55,776	562,045
Total	\$1,272,365	\$587,843	\$684,522

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

4. Property Tax

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Local Income Tax

The Village levies a municipal income tax of one 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.

The Village contracts with the Regional Income Tax Authority (RITA) for the purpose of administering the tax laws of the Village and collecting income taxes on behalf of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Street Improvement General Obligation Bonds	\$75,000	4.5%
General Obligation Bond (Police Cruiser) 2012	16,897	4.5%
Ford Dump Truck (Lease/Purchase)	36,199	7.2%
Total	\$128,096	

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

	Street Improvement General Obligation Bonds	General Obligation Bonds	Ford Dump Truck
Year ending December 31:			
2010	\$10,275	\$7,052	\$13,857
2011	10,365	7,052	13,857
2012	10,336	7,052	13,857
2013	10,294	0	0
2014-2018	51,595	0	0
Total	\$92,865	\$21,155	\$41,570

**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009
(Continued)**

6. Debt (Continued)

In 2009, the Village issued Street Improvement General Obligation Bonds, Series 2009 in the amount of \$75,000. The proceeds of the bonds were used to finance street improvements to the Village's streets. The bonds will mature over the next ten years at a rate of 4.5%.

In 2007, the Village took out a new Vehicle Acquisition General Obligation Bond. The proceeds from these bonds were used to purchase an additional police cruiser. The bonds will mature in annual amounts of \$7,052, including interest over the next 3 years. These bonds are shown as 2012 on the outstanding debt table.

During 2008, the Village purchased a Ford Dump Truck. The truck was financed through Ford Credit in the amount of \$60,529. The lease purchase agreement requires annual amounts of \$13,857, including interest over the next three years.

7. Retirement Systems

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans.

The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2009, OP&F participants contributed 10% of their wages. For 2009, the Village contributed to OP&F an amount equal to 19% of full-time police members' wages. For 2009, 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, 2009.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

9. Compliance

The Village did not maintain records in accordance with Ohio Rev. Code Section 733.28.

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Mary Taylor, CPA

Auditor of State

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

Village of Maineville
Warren County
8188 St. Route 48
Maineville, Ohio 45039

To the Village Council:

We have audited the financial statements of the Village of Maineville, Warren County, Ohio (the Village), as of and for the year ended December 31, 2009, and have issued our report thereon dated July 21, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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 timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 findings as items 2009-001.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 21, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 21, 2010

VILLAGE OF MAINEVILLE
WARREN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

FINDING NUMBER 2009-001

Noncompliance/Material Weakness

Ohio Revised Code Section 733.28 requires the Village Fiscal Officer to maintain the books of the Village and exhibit accurate statements of monies received and expended.

During 2009, the following items were noted:

- The Village Council approved a rate for their trash pickup, effective March 1, 2007, at \$27.15 per billing period; however, the amount that was entered into the billing system was \$27.10 per billing period. The error was not detected until April 2010 at which time the correct rate was made to the computer system. This caused the Village to lose revenue for their trash pickup;
- A grant from Warren County for street repair was posted to the Special Assessment line item and the Miscellaneous receipts line item in the Ohio Public Works Fund (OPWC) in the amount of \$148 and \$3,516, respectively;
- The Village posted a grant from OPWC in the amount of \$55,776 to the Special Assessment line item instead of the Intergovernmental line item;
- A grant from Warren County in the amount of \$14,245 was posted to the Sale of Bonds line item instead of Intergovernmental line item in the Street Fund;
- Motor Vehicle License Fees in the amounts of \$7,207 and \$523 were posted to the tax line item instead of intergovernmental line item in the Street and State Highway Fund, respectively;
- The Village levied permissive motor vehicle license tax in the amount of \$772 was posted to intergovernmental line item instead of the tax line item; and
- An interest payment in the amount of \$1,538 was posted to Capital Outlay line item instead of Interest line item in the Street Fund.

Audit adjustments and reclassifications have been posted to the Village's 2009 financial records and are reflected in the accompanying financial statements to properly reflect the Village's activity.

We recommend that due care be used when posting items to the Village's accounting system and that supervisory review be implemented.

Officials' Response:

We did not receive a response from officials to the findings above.

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**VILLAGE OF MAINEVILLE
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Rev. Code Section 5705.40 – supplemental appropriations were not submitted to the County Auditor for approval.	yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF MAINEVILLE

WARREN 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
AUGUST 12, 2010**