



Dave Yost • Auditor of State



VILLAGE OF HAMDEN  
VINTON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Hamden  
Vinton County  
P.O. Box 355  
Hamden, Ohio 45634

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 the Village of Hamden, Vinton 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 § 117.38 and Ohio Administrative Code § 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 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 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 Hamden, Vinton 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 30, 2016

**VILLAGE OF HAMDEN  
VINTON COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$27,012	\$43,049	\$0	\$70,061
Intergovernmental	40,122	273,924	0	314,046
Charges for Services	11,000	0	0	11,000
Fines, Licenses and Permits	5,226	0	0	5,226
Earnings on Investments	1,137	23	0	1,160
Miscellaneous	4,374	259	0	4,633
<i>Total Cash Receipts</i>	<u>88,871</u>	<u>317,255</u>	<u>0</u>	<u>406,126</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	39,173	38,868	0	78,041
Public Health Services	195	0	0	195
Leisure Time Activities	0	177	0	177
Transportation	0	48,379	0	48,379
General Government	75,138	0	0	75,138
Capital Outlay	0	253,951	8,142	262,093
<i>Total Cash Disbursements</i>	<u>114,506</u>	<u>341,375</u>	<u>8,142</u>	<u>464,023</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,635)</u>	<u>(24,120)</u>	<u>(8,142)</u>	<u>(57,897)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	0	22,798	0	22,798
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>22,798</u>	<u>0</u>	<u>22,798</u>
<i>Net Change in Fund Cash Balances</i>	<u>(25,635)</u>	<u>(1,322)</u>	<u>(8,142)</u>	<u>(35,099)</u>
<i>Fund Cash Balances, January 1</i>	<u>145,328</u>	<u>97,362</u>	<u>93,918</u>	<u>336,608</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	96,040	85,776	181,816
Assigned	38,210	0	0	38,210
Unassigned (Deficit)	81,483	0	0	81,483
<i>Fund Cash Balances, December 31</i>	<u>\$119,693</u>	<u>\$96,040</u>	<u>\$85,776</u>	<u>\$301,509</u>

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

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**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**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$394,057	\$0	\$394,057
Miscellaneous	615	0	615
<i>Total Operating Cash Receipts</i>	<u>394,672</u>	<u>0</u>	<u>394,672</u>
<b>Operating Cash Disbursements</b>			
Personal Services	64,510	0	64,510
Employee Fringe Benefits	10,513	0	10,513
Contractual Services	180,559	0	180,559
Supplies and Materials	32,249	0	32,249
Other	4,036	0	4,036
<i>Total Operating Cash Disbursements</i>	<u>291,867</u>	<u>0</u>	<u>291,867</u>
<i>Operating Income</i>	<u>102,805</u>	<u>0</u>	<u>102,805</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(119,594)	0	(119,594)
Interest and Other Fiscal Charges	(40,597)	0	(40,597)
Other Financing Sources	0	6,550	6,550
Other Financing Uses	0	(6,660)	(6,660)
<i>Total Non-Operating (Disbursements)</i>	<u>(160,191)</u>	<u>(110)</u>	<u>(160,301)</u>
<i>(Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(57,386)	(110)	(57,496)
Special Item	2,326	0	2,326
<i>Net Change in Fund Cash Balances</i>	(55,060)	(110)	(55,170)
<i>Fund Cash Balances, January 1</i>	<u>344,625</u>	<u>269</u>	<u>344,894</u>
<i>Fund Cash Balances, December 31</i>	<u>\$289,565</u>	<u>\$159</u>	<u>\$289,724</u>

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



**VILLAGE OF HAMDEN  
VINTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$28,543	\$39,603	\$0	\$68,146
Intergovernmental	37,621	81,414	0	119,035
Charges for Services	11,025	0	0	11,025
Fines, Licenses and Permits	5,247	0	0	5,247
Earnings on Investments	869	42	0	911
Miscellaneous	13,460	187	0	13,647
<i>Total Cash Receipts</i>	<u>96,765</u>	<u>121,246</u>	<u>0</u>	<u>218,011</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	54,113	56,646	0	110,759
Public Health Services	143	0	0	143
Leisure Time Activities	0	256	0	256
Transportation	0	35,786	0	35,786
General Government	53,521	0	0	53,521
Capital Outlay	0	19,186	0	19,186
<i>Total Cash Disbursements</i>	<u>107,777</u>	<u>111,874</u>	<u>0</u>	<u>219,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,012)</u>	<u>9,372</u>	<u>0</u>	<u>(1,640)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,012)</u>	<u>9,372</u>	<u>0</u>	<u>(1,640)</u>
<i>Fund Cash Balances, January 1</i>	<u>156,340</u>	<u>87,990</u>	<u>93,918</u>	<u>338,248</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	97,362	93,918	191,280
Assigned	12,270	0	0	12,270
Unassigned (Deficit)	133,058	0	0	133,058
<i>Fund Cash Balances, December 31</i>	<u>\$145,328</u>	<u>\$97,362</u>	<u>\$93,918</u>	<u>\$336,608</u>

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

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**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 Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$425,586	\$0	\$425,586
Miscellaneous	243	0	243
<i>Total Operating Cash Receipts</i>	<u>425,829</u>	<u>0</u>	<u>425,829</u>
<b>Operating Cash Disbursements</b>			
Personal Services	39,247	0	39,247
Employee Fringe Benefits	7,019	0	7,019
Contractual Services	180,992	0	180,992
Supplies and Materials	40,000	0	40,000
Other	3,383	0	3,383
<i>Total Operating Cash Disbursements</i>	<u>270,641</u>	<u>0</u>	<u>270,641</u>
<i>Operating Income</i>	<u>155,188</u>	<u>0</u>	<u>155,188</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Principal Retirement	(125,618)	0	(125,618)
Interest and Other Fiscal Charges	(41,478)	0	(41,478)
Other Financing Sources	0	6,213	6,213
Other Financing Uses	0	(6,484)	(6,484)
<i>Total Non-Operating (Disbursements)</i>	<u>(167,096)</u>	<u>(271)</u>	<u>(167,367)</u>
<i>(Loss) before Capital Contributions, Special Item and Extraordinary Item</i>	(11,908)	(271)	(12,179)
Special Item	869	0	869
Extraordinary Item	16,293	0	16,293
<i>Net Change in Fund Cash Balances</i>	5,254	(271)	4,983
<i>Fund Cash Balances, January 1</i>	<u>339,371</u>	<u>540</u>	<u>339,911</u>
<i>Fund Cash Balances, December 31</i>	<u>\$344,625</u>	<u>\$269</u>	<u>\$344,894</u>

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

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**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 Hamden, Vinton County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and fire and police services

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), 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.

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village has two checking accounts and certificate of deposits which are valued 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Police Levy Fund - This fund receives levy money to fund the Hamden Police Department to provide protection services to the Village.

State Grant – State Fire Marshall Fund - This fund receives grant money to purchase equipment for the Hamden Volunteer Fire Department.

**3. Capital Project Fund**

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 Fund:

Sewer Construction Fund - This fund receives grant and loan proceeds to fund construction of a central sanitary sewer system in the incorporated area of Hamden including the construction of a wastewater treatment facility.

**4. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Trash Fund - This fund receives charges for services from residents to cover sewer service costs.

Enterprise Debt Service Fund - This fund receives charges for services from residents to pay back debt related to the water and sewer construction projects.

**5. 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.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**5. Fiduciary Funds (Continued)**

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 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

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

**F. Fund Balance**

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

**1. 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.

VILLAGE OF HAMDEN  
VINTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

2. 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.

3. 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.

G. 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.

H. Accumulated Leave

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

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 at December 31 was as follows:

	2015	2014
Demand deposits	\$509,085	\$599,764
Certificates of deposit	82,148	81,738
Total deposits	<u>\$591,233</u>	<u>\$681,502</u>

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

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. 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	\$102,252	\$88,871	(\$13,381)
Special Revenue	325,395	340,053	14,658
Capital Projects	0	0	0
Enterprise	393,739	396,998	3,259
Total	\$821,386	\$825,922	\$4,536

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$114,522	\$117,773	(\$3,251)
Special Revenue	334,167	341,959	(7,792)
Capital Projects	93,918	8,142	85,776
Enterprise	487,497	471,328	16,169
Total	\$1,030,104	\$939,202	\$90,902

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,155	\$96,765	\$15,610
Special Revenue	92,364	121,246	28,882
Capital Projects	0	0	0
Enterprise	414,430	442,991	28,561
Total	\$587,949	\$661,002	\$73,053

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,662	\$108,105	\$18,557
Special Revenue	108,760	112,765	(4,005)
Capital Projects	93,918	0	93,918
Enterprise	481,354	438,352	43,002
Total	\$810,694	\$659,222	\$151,472

Contrary to Ohio Rev. Code § 5705.41(B), budgetary expenditures exceeded appropriation authority in several funds for the years ended December 31, 2015 and 2014.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(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.

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.

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 4535	\$2,459,004	1.5%
Ohio Water Development Authority Loan - 5199	425,577	0.0%
Ohio Water Development Authority Loan - 5853	73,746	2.0%
Ohio Water Development Authority Loan - 5907	119,807	1.0%
Ohio Public Works Commission - CO071	290,625	0.0%
Ohio Public Works Commission - CT61R	22,798	0.0%
Total	\$3,391,557	

The Ohio Water Development Authority (OWDA) loan 4535 relates to the construction of a water and sewer plant expansion project approved by the Ohio Environmental Protection Agency. The OWDA provided \$3,000,000 in loans to the Village for this project in 2006. The Village began repaying this loan in 2009 with semi-annual installments that will last 30 years.

The Ohio Water Development Authority (OWDA) loan 5199 relates to water system renovations, and included funding received from the Drinking Water Assistance Fund and the American Recovery and Reinvestment Act (ARRA). The project was approved in 2009 by the OWDA with a projected cost of \$2,506,424 with \$1,752,548 in principal forgiveness through ARRA. During the 2010-2011 audit period, the Village expended \$1,853,675 on the project and \$1,404,354 of the principal was forgiven through ARRA. The Village began repaying the loan in 2010 with semi-annual installments that will last 30 years.

The Ohio Water Development Authority (OWDA) loan 5853 relates to the construction of a sludge belt press to be used in conjunction with the Villages water and sewer plant. The total loan amount approved was \$100,000 plus capitalized interest. The Village originally took out loan 5781 through the OWDA for the sludge belt design in the amount of \$20,802. The loan was paid off with this loan. The Vinton County Commissioners contributed \$240,000 of Appalachian Regional Commission Grant money towards the construction of the Belt Press. The Village began repaying the loan in 2012 with semi-annual installments that will last 30 years.

The Ohio Water Development Authority (OWDA) loan 5907 relates to the completion of the water renovation project. The total loan amount approved was \$223,000 plus capitalized interest. The Village began repaying the loan in 2012 with semi-annual installments that will last 30 years.



**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) loan CO071 relates to the water and sewer maintenance and repair project the Village received funding for through OWDA. In 2009, the OPWC approved the loan for \$375,000 and a debt repayment grant for \$410,000. The Village began repaying the loan in 2011 with semi-annual installments that will last 20 years.

The Ohio Public Works Commission (OPWC) loan CT61R relates to the storm sewer improvement project. In 2014, the OPWC approved a loan for \$22,798 and a grant for \$205,154. The Village will begin repaying the loan in 2017 with semi-annual installments that will last 15 years.

For all the loans associated with the water and sewer projects, the water and sewer receipts collateralized the loans. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The Village acquired a loan through the Department of Commerce – State Fire Marshall’s Office for \$150,000 in June of 2006 to fund a portion of the cost of a new fire station. The Village received this money; however, the Village entered an agreement wherein the Hamden Volunteer Fire Department will repay the loan principal and interest.

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

Year ending December 31:	OWDA Loan	OWDA	OWDA Loan	OWDA Loan	OPWC	OPWC
	#4535	Loan #5199	#5853	#5907	Loan CO071	Loan CT61R
2016	\$62,275	\$8,685	\$1,826	\$5,244	\$18,750	\$0
2017	124,550	17,370	3,651	\$5,244	18,750	1,520
2018	124,550	17,370	3,651	\$5,244	18,750	1,520
2019	124,550	17,370	3,651	\$5,244	18,750	1,520
2020	124,550	17,370	3,651	\$5,244	18,750	1,520
2021-2025	622,751	86,852	18,257	26,222	93,750	7,598
2026-2030	622,751	86,852	18,257	26,222	93,750	7,598
2031-2035	622,751	86,852	18,257	26,222	9,375	1,522
2036-2040	498,201	86,854	18,257	26,222	0	0
2041-2045	0	0	10,793	7,867	0	0
Total	<u>\$2,926,930</u>	<u>\$425,577</u>	<u>\$100,251</u>	<u>\$138,976</u>	<u>\$290,625</u>	<u>\$22,798</u>

**6. RETIREMENT SYSTEM**

The Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2015.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

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

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
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](http://www.ohioplan.org).

**8. RELATED PARTY TRANSACTIONS**

The Village purchased tables and chairs from a certain Council member in 2015 that was not approved in the minute record for \$335. In addition, the Village contracted with a certain Council member's nephew for computer repairs in 2014 that the Council member did not abstain from voting. The Village paid the said vendor \$840 in 2014.



# Dave Yost • Auditor of State

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

Village of Hamden  
Vinton County  
P.O. Box 355  
Hamden, Ohio 45634

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 Hamden, Vinton 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 November 30, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 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 Findings that we consider material weaknesses. We consider findings 2015-001 and 2015-005 to be material weaknesses.

***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 Findings as items 2015-001 through 2015-004.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying 0 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 30, 2016

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Noncompliance/Material Weakness**

Ohio Admin. Code § 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by § 117-2-03 of the Ohio Admin. Code. Such records should include a cash journal, receipts, ledger, appropriation ledger, payroll journals, quarterly payroll records, and vouchers.

The Village's monthly cash reconciliations for 2015 and 2014 did not include the amount for the Village's Mayor's Court checking account in the Village's accounting system. In addition, the Village's UAN system was not reconciled with the bank balances for both 2015 and 2014. The following errors were noted to agree the Village's accounting system to the reconciled bank balance:

In 2014:

- General Fund receipts were understated \$1,002
- General Fund disbursements were understated \$95;
- Street Construction, Maintenance, and Repair Fund receipts were understated \$1,036
- Street Construction, Maintenance, and Repair Fund disbursements were understated \$6;
- State Highway Fund receipts were understated \$69;
- Police Levy Fund disbursements were understated \$29;
- Water Operating Fund receipts were understated \$1,949;
- Water Operating Fund disbursements were understated \$717;
- Water Operating Preventive Maintenance Fund receipts were understated \$13;
- Water Operating Preventive Maintenance Fund disbursements were understated \$13;
- Sewer Operating Fund receipts were understated \$279;
- Sewer Operating Fund disbursements were understated 283;
- Sewer Operating Preventive Maintenance Fund disbursements were understated \$17;
- Enterprise Debt Service Reserve Fund receipts were understated \$103;
- Enterprise Debt Service Reserve Fund disbursements were understated \$215;
- Guaranty Utility Deposit Fund receipts were overstated \$301;
- Trash Fund receipts were overstated \$321;
- Trash Fund disbursements were overstated \$95; and
- Mayor's Court Agency Fund disbursements were understated \$40.

In 2015:

- General Fund receipts were understated \$304;
- General Fund disbursements were understated \$323;
- Street Construction, Maintenance, and Repair Fund receipts were overstated \$4;
- Street Construction, Maintenance, and Repair Fund disbursements were understated \$79;
- State Highway Fund receipts were overstated \$1;
- Fire Levy Fund disbursements were understated \$30;
- Water Operating Fund receipts were understated \$117;
- Water Operating Fund disbursements were understated \$445;
- Water Operating Preventive Maintenance Fund receipts were understated \$6;
- Water Operating Preventive Maintenance Fund disbursements were understated \$19;
- Trash Fund receipts were understated \$13;

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-001 (Continued)**

**Noncompliance/Material Weakness – Ohio Admin. Code § 117-2-02(A) (Continued)**

- Trash Fund disbursements were understated \$63;
- Sewer Operating Fund receipts were understated \$39;
- Sewer Operating Fund disbursements were understated \$406;
- Sewer Operating Preventive Maintenance Fund receipts were understated \$7;
- Sewer Operating Preventive Maintenance Fund disbursements were understated \$18;
- Enterprise Debt Service Reserve Fund receipts were understated \$35;
- Guaranty Utility Deposit Fund receipts were understated \$300; and
- Enterprise Debt Service Reserve Fund disbursements were understated \$175.

Failure to reconcile the Village's accounting system with the bank monthly resulted in other adjusting factors from February 2014 through December 2015 and inaccurate fund balances.

The Fiscal Officer should reconcile the Village's UAN accounting system to the bank balances each month.

**Officials' Response:** The Village contracted with LGS to help the Fiscal Officer reconcile UAN with the bank account for 2014 and 2015. The adjustments were made to UAN and since April 2016 through present, the UAN has reconciled to the bank each month. The Fiscal Officer will continue to reconcile each month.

**FINDING NUMBER 2015-002**

**Noncompliance Citation**

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved	UAN system	Variance
Street Construction, Repair, and Maintenance Fund	\$25,531	\$26,509	\$ (978)
Water Operating Fund	123,318	125,577	(2,259)

At December 31, 2014, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved	UAN system	Variance
General Fund	\$ 81,155	\$ 81,496	\$ (341)
Street Construction, Repair, and Maintenance Fund	28,083	29,700	(1,617)
State Highway Fund	2,245	2,445	(200)
Police Levy Fund	35,600	41,458	(5,858)
Enterprise Debt Service Reserve Fund	128,297	130,000	(1,703)

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-002 (Continued)**

**Noncompliance – Ohio Admin. Code § 117-2-02(C)(1) (Continued)**

At December 31, 2015, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

Fund	Approved	UAN system	Variance
General Fund	\$ 114,194	\$ 114,660	\$ (466)
Street Construction, Repair, and Maintenance Fund	246,499	256,360	(9,861)
State Highway Fund	4,373	1,256	3,117
State Grant - State Fire Marshall Fund	35,187	45,936	(10,749)
Fire Levy Fund	6,430	7,164	(734)
Police Levy Fund	40,510	30,955	9,555
Sewer Construction Fund	93,918	8,142	85,776
Water Operating Fund	166,337	171,316	(4,979)
Water Preventive Maintenance Fund	4,000	0	4,000
Sewer Operating Fund	71,789	79,610	(7,821)
Sewer Preventive Maintenance Fund	1,500	4,242	(2,742)
Trash Fund	54,656	46,321	8,335
Enterprise Debt Service Reserve Fund	185,000	147,058	37,942

At December 31, 2014, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

Fund	Approved	UAN system	Variance
General Fund	\$ 126,542	\$ 108,009	\$ 18,533
Street Construction, Maintenance, and Repair Fund	55,278	54,522	756
State Highway Fund	3,873	841	3,032
Fire Levy Fund	10,430	13,615	(3,185)
Police Levy Fund	38,610	43,497	(4,887)
Sewer Construction Fund	93,918	0	93,918
Water Operating Fund	182,339	183,367	(1,028)
Water Preventive Maintenance Fund	4,000	0	4,000
Sewer Operating Fund	82,340	60,060	22,280
Sewer Preventive Maintenance Fund	3,000	115	2,885
Trash Fund	56,766	47,003	9,763
Enterprise Debt Service Reserve Fund	149,000	143,300	5,700

Due to budgetary information being improperly entered into the system, the management of the Village lost some degree of budgetary control. An adjustment was made in the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as approved by the Budget Commission.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-002 (Continued)**

**Noncompliance – Ohio Admin. Code § 117-2-02(C)(1) (Continued)**

**Officials’ Response:** The estimated resources and appropriations will be closely monitored and the Fiscal Officer will take the appropriate action to get the amended certificates from the Budget Commission and approval of the Council when necessary.

**FINDING NUMBER 2015-003**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2015, expenditures exceeded appropriations, as follows:

Fund	Authority	Expenditures	Variance
General Fund	\$ 114,522	\$ 117,773	\$ (3,251)
Street Construction, Maintenance, and Repair Fund	246,883	256,439	(9,556)
State Grant - State Fire Marshall Fund	35,188	45,936	(10,748)
Fire Levy Fund	6,430	7,194	(764)
Sewer Operating Fund	71,889	85,495	(13,606)
Sewer Preventive Maintenance Fund	1,500	4,261	(2,761)
Guaranty Utility Deposits	3,600	3,842	(242)
Water Operating Fund	166,852	180,314	(13,462)

At December 31, 2014, expenditures exceeded appropriations, as follows:

Fund	Authority	Expenditures	Variance
Police Levy Fund	\$ 38,715	\$ 43,525	\$ (4,810)
Fire Levy Fund	10,430	13,615	(3,185)
Water Operating Fund	182,576	184,082	(1,506)

The practice of allowing expenditures to exceed appropriations could result in negative fund balances for the Village.

The Fiscal Officer should compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be need, the Village Council should adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**Officials’ Response:** The Fiscal Officer will compare the expenditures to appropriations on a monthly basis and deny any requests for payment when appropriations are not available.



VILLAGE OF HAMDEN  
VINTON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)

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

FINDING NUMBER 2015-004

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village

2. Blanket Certificate – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village had unrecorded encumbrances totaling \$21,952 and \$16,844 at December 31, 2015 and 2014, respectively, in various funds. These unrecorded encumbrances, which were not certified by the Village Fiscal Officer at the time the commitment was incurred, were one hundred percent of transactions tested. In addition, there was no evidence that the Village followed the aforementioned exceptions.

Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Furthermore, the Village used "blanket" certificates for which Village Council did not have a resolution adopted to establish a maximum amount.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-004 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the Village uses the exceptions noted above, prior certification is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village officials should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. In addition, Village Council should establish a maximum amount for "blanket certificates".

**Officials' Response:** In the future, the finance committee will meet regularly to confirm that the Fiscal Officer has certified the availability of funds prior to any payment of a commitment. The Fiscal Officer will get the approval of Council for any "blanket certificates" and Council will establish a maximum amount to be issued on a "blanket certificate".

**FINDING NUMBER 2015-005**

**Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following errors were noted in the financial statements that required audit adjustments or reclassifications:

In 2014:

- General Fund intergovernmental receipts of \$7,984 were incorrectly classified as taxes;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Village improperly reported the assigned portion of the General Funds' cash fund balance as unassigned, in the amount of \$12,270;
- Street Construction, Maintenance, and Repair Fund transportation disbursements was understated by \$1 in comparison of the January 1, 2014 beginning fund balance to the audited December 31, 2013 ending fund balance;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$6,812 were incorrectly classified as intergovernmental in the General Fund;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$9,528 were incorrectly classified as taxes;

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-005 (Continued)**

**Material Weakness (Continued)**

- Street Construction, Maintenance, and Repair Fund intergovernmental receipts and capital outlay disbursements of \$19,186 to record OPWC grant activity unrecorded;
- Fire Levy Fund intergovernmental receipts of \$1,663 were incorrectly classified as taxes;
- Fire Levy Fund intergovernmental receipt of \$4,000 was incorrectly classified as miscellaneous in the General Fund;
- Police Levy Fund intergovernmental receipts of \$9,091 were incorrectly classified as taxes;
- Water Operating Fund extraordinary item receipts of \$16,293 were incorrectly classified as special items;
- Guaranty Utility Deposit Fund other disbursements was understated by \$1 in comparison of the January 1, 2014 beginning fund balance to the audited December 31, 2013 ending fund balance;
- Mayor's Court Agency Fund beginning January 1, 2014 fund balance was understated \$540 in comparison with the audited December 31, 2013 ending fund balance;
- Mayor's Court Agency Fund other financing sources receipts of \$620 were incorrectly classified as fines, licenses, and permits; and
- Mayor's Court Agency Fund other financing sources receipts of \$703 and other financing uses disbursements of \$973 were unrecorded.

In 2015:

- General Fund general government disbursements were overstated \$53 due to checks being voided in the system;
- General Fund intergovernmental receipts of \$7,876 were incorrectly posted as taxes;
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Village improperly reported the assigned portion of the General Funds' cash fund balance as unassigned, in the amount of \$38,210;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$8,766 were incorrectly classified as intergovernmental in the General Fund;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$9,636 were incorrectly classified as taxes;
- Street Construction, Maintenance, and Repair Fund intergovernmental receipts of \$185,967, loan proceeds of \$22,798, and capital outlay disbursements of \$208,765 were unrecorded;
- State Highway Fund intergovernmental receipts of \$711 were incorrectly classified as intergovernmental in the General Fund;
- Police Levy Fund intergovernmental receipts of \$4,208 were incorrectly classified as taxes in the General Fund;
- Sewer Operating Fund contractual service disbursements were overstated \$7 due to checks being voided in the system;
- Guaranty Utility Deposit Fund other disbursements were overstated \$8 due to checks being voided in the system; and
- Mayor's Court Agency Fund other financing sources of \$6,550 and other financing uses of \$6,660 were unrecorded.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-005 (Continued)**

**Material Weakness (Continued)**

The audited financial statements and the Village's UAN accounting system have been adjusted for the items noted above.

The Fiscal Officer should review the Village handbook for guidance to ensure the financial statements are complete and accurate. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.165].

**Officials' Response:** The Fiscal Officer will review the Village Officers Handbook and Auditor of State Bulletin 2011-004 for the proper reporting on the financial statements. The Fiscal Officer will record all intergovernmental receipts to the proper funds.

**VILLAGE OF HAMDEN  
VINTON COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2013-001	Ohio Rev. Code § 5705.40 – approved appropriations did not agree to amounts in the system.	No	Not Corrected. Reissued as Finding Number 2015-002.
2013-002	Ohio Rev. Code § 5705.41(B) – Actual disbursements exceeded appropriations.	No	Not Corrected. Reissued as Finding Number 2015-003.
2013-003	Ohio Rev. Code § 5705.41 – Not properly encumbering funds.	No	Not Corrected. Reissued as Finding Number 2015-004.
2013-004	Material weakness for errors in posting receipts and disbursements.	No	Not Corrected. Reissued as Finding Number 2015-005.

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# Dave Yost • Auditor of State

VILLAGE OF HAMDEN

VINTON 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  
DECEMBER 13, 2016