



Dave Yost • Auditor of State



VILLAGE OF CAMDEN  
PREBLE COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Camden  
Preble County  
56 West Central Avenue  
Camden, Ohio 45311

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 Camden, Preble County, Ohio (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Camden, Preble County as of December 31, 2016 and 2015, 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 July 18, 2018, 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

July 18, 2018

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$202,385	\$43,155		\$245,540
Municipal Income Tax	275,010			275,010
Intergovernmental	37,077	99,601		136,678
Charges for Services	35,435			35,435
Fines, Licenses and Permits	49,767			49,767
Earnings on Investments	574			574
Miscellaneous	2,933	1,740		4,673
Total Cash Receipts	<u>603,181</u>	<u>144,496</u>		<u>747,677</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	213,394	2,325		215,719
Basic Utility Services	10,052	1,800		11,852
Transportation		140,507		140,507
General Government	211,221			211,221
Capital Outlay	433,702	349,395		783,097
Total Cash Disbursements	<u>868,369</u>	<u>494,027</u>		<u>1,362,396</u>
Excess of Receipts (Under) Disbursements	<u>(265,188)</u>	<u>(349,531)</u>		<u>(614,719)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Debt Proceeds	565,749	300,000		865,749
Transfers In		15,000		15,000
Transfers Out	(15,000)			(15,000)
Total Other Financing Receipts (Disbursements)	<u>550,749</u>	<u>315,000</u>		<u>865,749</u>
Special Item		<u>2,809</u>		<u>2,809</u>
Net Change in Fund Cash Balances	285,561	(31,722)		253,839
Fund Cash Balances, January 1	<u>275,110</u>	<u>113,657</u>	<u>\$421</u>	<u>389,188</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		81,935	421	82,356
Assigned	193,426			193,426
Unassigned (Deficit)	367,245			367,245
Fund Cash Balances, December 31	<u>\$560,671</u>	<u>\$81,935</u>	<u>\$421</u>	<u>\$643,027</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$651,917	\$69,404	\$721,321
Total Operating Cash Receipts	<u>651,917</u>	<u>69,404</u>	<u>721,321</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	132,000		132,000
Employee Fringe Benefits	37,735		37,735
Contractual Services	773,584	70,413	843,997
Supplies and Materials	75,613		75,613
Other	72,873		72,873
Total Operating Cash Disbursements	<u>1,091,805</u>	<u>70,413</u>	<u>1,162,218</u>
Operating (Loss)	<u>(439,888)</u>	<u>(1,009)</u>	<u>(440,897)</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Intergovernmental	530,660		530,660
Special Assessments	331,672		331,672
Capital Outlay	(14,088)		(14,088)
Principal Retirement	(200,595)		(200,595)
Interest and Other Fiscal Charges	(117,297)		(117,297)
Total Non-Operating Receipts (Disbursements)	<u>530,352</u>		<u>530,352</u>
Income (Loss) before Transfers	90,464	(1,009)	89,455
Transfers In	152,087		152,087
Transfers Out	<u>(152,087)</u>		<u>(152,087)</u>
Net Change in Fund Cash Balances	90,464	(1,009)	89,455
Fund Cash Balances, January 1	<u>861,343</u>	<u>2,632</u>	<u>863,975</u>
Fund Cash Balances, December 31	<u><u>\$951,807</u></u>	<u><u>\$1,623</u></u>	<u><u>\$953,430</u></u>

*See accompanying notes to the basic financial statements.*



**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. REPORTING ENTITY**

The Village of Camden (the Village), Preble 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 Camden-Somers Fire and Rescue to receive fire protection and emergency medical services.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. 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:

**1. 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.

**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 Fund:

**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.

**3. 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 capital project fund:

**State Grant Fund** - This fund received proceeds from the Ohio Public Works Commission. The proceeds were used for the removal of concrete curbs, installation of curb and gutter, installation of storm sewer and storm inlets, pavement widening, and a new asphalt surface course.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

**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** - 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.

**Refuse Fund** - The refuse fund accounts for the provision of refuse services to the residents and commercial users within the Village.

**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.

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 Mayor's Court.

**C. 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**D. 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 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 CAMDEN, OHIO  
PREBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

D. Deposits and Investments

The Village values certificates of deposit at cost.

E. 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.

F. 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.

G. 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:

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

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

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2016 follows:

<b>2016 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,057,300	\$1,168,930	\$111,630
Special Revenue	826,100	462,305	(363,795)
Enterprise	1,211,222	1,666,336	455,114
Total	\$3,094,622	\$3,297,571	\$202,949

<b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,328,847	\$883,369	\$445,478
Special Revenue	613,400	494,027	119,373
Enterprise	1,501,512	1,575,872	(74,360)
Total	\$3,443,759	\$2,953,268	\$490,491

**4. 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:

	<b>2016</b>
Demand deposits	\$1,214,769
Certificates of deposit	381,688
Total deposits	\$1,596,457

**Deposits**

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

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**5. TAXES**

**A. 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.

**B. 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.

**6. RISK MANAGEMENT**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**7. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Retirement System**

Some of the Village's certified 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. OP&F participants contributed 12.25% of their wages. 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, 2016.

**8. POST-EMPLOYMENT 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2712	\$85,528	3.50%
Ohio Water Development Authority Loan #4410	142,730	4.29%
Ohio Water Development Authority Loan #4676	566,953	4.12%
Ohio Water Development Authority Loan #4751	1,137,226	4.47%
Ohio Water Development Authority Loan #6027	2,710,244	1.50%
Ohio Public Water Commission Loan CT63J	140,625	0.00%
FFB - Town Hall Loan	600,000	3.10%
Ohio Department of Transportation Loan	300,000	3.00%
Total	<u>\$5,683,306</u>	

The Ohio Water Development Authority (OWDA) Loan #2712 relates to the North Area Sanitary Sewer Line extension. The loan will be repaid in semiannual installments of \$29,513 including interest over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #4410 relates to the water system improvements. The loan will be repaid in semiannual installments of \$5,439 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #4676 relates to the water system improvements. The loan will be repaid in semiannual installments of \$20,614 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**9. DEBT (Continued)**

The Ohio Water Development Authority (OWDA) Loan #4751 relates to the water system improvements. The loan will be repaid in semiannual installments of \$42,026 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #6027 relates to the water system improvements. The loan will be repaid in semiannual installments of \$61,223 including interest over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CT63J relates to the water system improvements. The loan will be repaid in semiannual installments of \$5,625 over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2015, the Village entered into a revolving line of credit with First Financial Bank for up to \$600,000 to rebuild the old Town Hall. The Village drew down \$565,749 in 2016. The Village pays the interest that has accrued monthly on the outstanding balance and will make monthly principal payments once the second phase of the project is complete. A loan repayment schedule has not yet been established.

In 2016, the Village entered into a loan agreement for \$300,000 with the Ohio Department of Transportation to patch, pave and resurface Village streets and alleys. The loan will be repaid in semiannual installments of \$33,729 over five years. Repayment will begin in 2018. The loan will be repaid from the income tax, motor vehicle gasoline tax fund and permissive license tax fund revenues.

**A. Amortization**

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

<b>Year Ending December 31:</b>	<b>OWDA Loan #2712</b>	<b>OWDA Loan #4410</b>	<b>OWDA Loan #4676</b>	<b>OWDA Loan #4751</b>	<b>OWDA Loan #6027</b>	<b>OPWC Loan #CT63J</b>
2017	\$29,513	\$5,439	\$20,614	\$42,026	\$61,223	\$5,625
2018	59,026	10,877	41,228	84,051	122,446	11,250
2019		10,877	41,228	84,051	122,446	11,250
2020		10,877	41,228	84,051	122,446	11,250
2021		10,877	41,228	84,051	122,446	11,250
2022-2026		54,385	206,140	420,255	612,230	56,250
2027-2031		54,385	206,140	420,255	612,230	28,125
2032-2036		54,385	206,140	420,255	612,230	
2037-2041			41,228	126,078	612,230	
2042-2046					306,115	
Total	<u>\$88,539</u>	<u>\$212,102</u>	<u>\$845,174</u>	<u>\$1,765,073</u>	<u>\$3,306,042</u>	<u>\$135,000</u>

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**9. DEBT (Continued)**

<b>Year Ending December 31:</b>	<b>Ohio Department of Transportation Loan</b>
2017	
2018	\$33,729
2019	67,459
2020	67,459
2021	67,459
2022-2026	101,189
2027-2031	
2032-2036	
2037-2041	
2042-2046	
Total	\$337,295

**10. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**11. JOINTLY GOVERNED ORGANIZATIONS**

The Camden Somers Fire and Rescue Protection District, Preble County, is a jointly governed organization established by resolution passed by the Village of Camden January 7, 2002 and by Somers Township January 14, 2002, to unite the entities in the management of the District which provides fire, ambulance, emergency medical and rescue services to the residents with these two areas. The District is governed by a Board made up of three representatives appointed by the Village of Camden and three representatives appointed by Somers Township, known as the Camden Somers Fire and Rescue Protection District Board of Trustees. Financial information about the District can be obtained from the District at 111 West Central Ave., Camden, Ohio 45311.



**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$206,377	\$36,374		\$242,751
Municipal Income Tax	186,175			186,175
Intergovernmental	35,771	99,640		135,411
Charges for Services	16,168			16,168
Fines, Licenses and Permits	67,859			67,859
Earnings on Investments	715			715
Miscellaneous	42,791			42,791
Total Cash Receipts	<u>555,856</u>	<u>136,014</u>		<u>691,870</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	280,846	44		280,890
Basic Utility Services	13,561	1,582		15,143
Transportation		158,210		158,210
General Government	244,598			244,598
Total Cash Disbursements	<u>539,005</u>	<u>159,836</u>		<u>698,841</u>
Excess of Receipts Over (Under) Disbursements	<u>16,851</u>	<u>(23,822)</u>		<u>(6,971)</u>
<b>Other Financing Receipts:</b>				
Other Debt Proceeds	34,250			34,250
Total Other Financing Receipts	<u>34,250</u>			<u>34,250</u>
Special Item		5,039		5,039
Net Change in Fund Cash Balances	51,101	(18,783)		32,318
Fund Cash Balances, January 1	<u>224,009</u>	<u>132,440</u>	<u>\$421</u>	<u>356,870</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		113,657	421	114,078
Assigned	271,550			271,550
Unassigned (Deficit)	3,560			3,560
Fund Cash Balances, December 31	<u>\$275,110</u>	<u>\$113,657</u>	<u>\$421</u>	<u>\$389,188</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY 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>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$680,977	\$89,879	\$770,856
Miscellaneous	157		157
Total Operating Cash Receipts	<u>681,134</u>	<u>89,879</u>	<u>771,013</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	136,936		136,936
Employee Fringe Benefits	36,556		36,556
Contractual Services	345,283	90,442	435,725
Supplies and Materials	42,398		42,398
Other	63,204		63,204
Total Operating Cash Disbursements	<u>624,377</u>	<u>90,442</u>	<u>714,819</u>
Operating Income (Loss)	<u>56,757</u>	<u>(563)</u>	<u>56,194</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Special Assessments	375,419		375,419
Earnings on Investments (proprietary funds only)	(8,066)		(8,066)
Principal Retirement	(194,704)		(194,704)
Interest and Other Fiscal Charges	(133,972)		(133,972)
Total Non-Operating Receipts (Disbursements)	<u>38,677</u>		<u>38,677</u>
Net Change in Fund Cash Balances	95,434	(563)	94,871
Fund Cash Balances, January 1	<u>765,909</u>	<u>3,195</u>	<u>769,104</u>
Fund Cash Balances, December 31	<u>\$861,343</u>	<u>\$2,632</u>	<u>\$863,975</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**1. REPORTING ENTITY**

The Village of Camden (the Village), Preble 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 Camden-Somers Fire and Rescue to receive fire protection and emergency medical services.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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

**B. 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:

**1. 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.

**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 Fund:

**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.

**3. 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 capital project fund:

**State Grant Fund** - This fund received proceeds from the Ohio Public Works Commission. The proceeds were used for the removal of concrete curbs, installation of curb and gutter, installation of storm sewer and storm inlets, pavement widening, and a new asphalt surface course.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

**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** - 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.

**Refuse Fund** - The refuse fund accounts for the provision of refuse services to the residents and commercial users within the Village.

**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.

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 Mayor's Court.

**C. 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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**D. 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 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 CAMDEN, OHIO  
PREBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

E. Deposits and Investments

The Village values certificates of deposit at cost.

F. 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.

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.

H. 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:

**Non-spendable** - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**Restricted** - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** - Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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

**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.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2015 follows:

<b>2015 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$1,109,559	\$590,106	(\$519,453)
Special Revenue	131,500	141,053	9,553
Enterprise	949,800	1,056,553	106,753
Total	\$2,190,859	\$1,787,712	(\$403,147)

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,247,328	\$539,005	\$708,323
Special Revenue	647,899	159,836	488,063
Enterprise	1,392,877	961,119	431,758
Total	\$3,288,104	\$1,659,960	\$1,628,144

**4. 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:

	<b>2015</b>
Demand deposits	\$872,049
Certificates of deposit	381,114
Total deposits	\$1,253,163

**Deposits**

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

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**5. TAXES**

**A. 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.

**B. 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.

**6. RISK MANAGEMENT**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**7. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Retirement System**

Some of the Village's certified 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. OP&F participants contributed 11.5% of their wages from January 1 through June 30, 2015 and 12.25% from July 1 through December 31, 2015. 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.

**8. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2712	\$140,123	3.50%
Ohio Water Development Authority Loan #4410	147,335	4.29%
Ohio Water Development Authority Loan #4676	584,285	4.12%
Ohio Water Development Authority Loan #4751	1,169,362	4.47%
Ohio Water Development Authority Loan #6027	2,791,125	1.50%
Ohio Public Water Commission Loan CT63J	151,875	0.00%
FFB - Town Hall Loan	34,250	3.10%
Total	<u>\$5,018,355</u>	

The Ohio Water Development Authority (OWDA) Loan #2712 relates to the North Area Sanitary Sewer Line extension. The loan will be repaid in semiannual installments of \$29,513 including interest over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #4410 relates to the water system improvements. The loan will be repaid in semiannual installments of \$5,439 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #4676 relates to the water system improvements. The loan will be repaid in semiannual installments of \$20,614 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #4751 relates to the water system improvements. The loan will be repaid in semiannual installments of \$42,026 including interest over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan #6027 relates to the water system improvements. The loan will be repaid in semiannual installments of \$61,223 including interest over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.



**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**8. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) Loan #CT63J relates to the water system improvements. The loan will be repaid in semiannual installments of \$5,625 over 30 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2015, the Village entered into a revolving line of credit with First Financial Bank for up to \$600,000 to rebuild the old Town Hall. The Village drew down \$34,250 in 2015. The Village pays the interest that has accrued monthly on the outstanding balance and will make monthly principal payments once the project is complete.

**A. Amortization**

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

<u>Year Ending December 31:</u>	<u>OWDA Loan #2712</u>	<u>OWDA Loan #4410</u>	<u>OWDA Loan #4676</u>	<u>OWDA Loan #4751</u>	<u>OWDA Loan #6027</u>	<u>OPWC Loan #CT63J</u>
2016	\$29,513	\$5,439	\$20,614	\$42,026	\$61,223	\$5,625
2017	59,026	10,877	41,228	84,051	122,446	11,250
2018	59,026	10,877	41,228	84,051	122,446	11,250
2019		10,877	41,228	84,051	122,446	11,250
2020		10,877	41,228	84,051	122,446	11,250
2021-2025		54,385	206,140	420,255	612,230	56,250
2026-2030		54,385	206,140	420,255	612,230	39,375
2031-2035		54,385	206,140	420,255	612,230	
2036-2040		10,877	82,456	210,130	612,230	
2041-2045					428,561	
Total	<u>\$147,565</u>	<u>\$222,979</u>	<u>\$886,402</u>	<u>\$1,849,125</u>	<u>\$3,428,488</u>	<u>\$146,250</u>

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**10. JOINTLY GOVERNED ORGANIZATIONS**

The Camden Somers Fire and Rescue Protection District, Preble County, is a jointly governed organization established by resolution passed by the Village of Camden January 7, 2002 and by Somers Township January 14, 2002, to unite the entities in the management of the District which provides fire, ambulance, emergency medical and rescue services to the residents with these two areas. The District is governed by a Board made up of three representatives appointed by the Village of Camden and three representatives appointed by Somers Township, known as the Camden Somers Fire and Rescue Protection District Board of Trustees. Financial information about the District can be obtained from the District at 111 West Central Ave., Camden, Ohio 45311.

**VILLAGE OF CAMDEN, OHIO  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**11. RELATED PARTY TRANSACTIONS**

The Village purchased a truck from Russell Wilson for \$9,500. Russell Wilson is an employee of the Village and the spouse of Rebecca Wilson, Fiscal Officer.



# 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 Camden  
Preble County  
56 West Central Avenue  
Camden, Ohio 45311

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 Camden, Preble County, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 18, 2018 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 through 2016-003 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 report is not suitable for any other purpose.



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

July 18, 2018

**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness – Cash Reconciliations & Annual Financial Statements**

The Village did not present accurate annual financial statements as evidenced by the Village's annual financial reports not agreeing to the end of year reconciled bank balances. We noted the following:

- On the December 31, 2015, bank reconciliation the Village reported Other Adjusting Factors of \$1,263.52. The correct amount of Other Adjusting Factors should have been \$1,748.88.
- The December 31, 2015, bank reconciliation included incorrect bank balances for the Law Enforcement Trust Fund bank account and Mayor's Court Fund bank account.
- On the December 31, 2016, bank reconciliation the Village reported an Other Adjusting Factor of \$24.97. There was no support for that reconciling item.
- The December 31, 2016, bank reconciliation included incorrect bank balances for the Drug Fund bank account, Law Enforcement Trust Fund bank account, and Mayor's Court Fund bank account.
- Fund balance adjustments totaling \$15,036 were improperly posted to the General Fund in 2015.
- An expenditure adjustment in the amount of \$2,029 was improperly posted to the General Fund in 2016.
- The Village did not record all activity from the Law Enforcement Trust Fund and Drug Fund accounts during 2016 resulting in Miscellaneous Receipts being understated by \$1,740 and Security of Persons and Property Expenditures being understated by \$1,990 in the Special Revenue Funds.
- The Village did not record Mayor's Court Agency Fund receipts and expenditures as follows: receipts of \$89,879 and expenditures of \$90,442 in 2015; receipts of \$69,404 and expenditures of \$70,413 in 2016.

Adjustments were made to the financial statements for the errors noted above.

In 2015, the Village's adjusted reconciled bank balance was \$1,254,120 and the adjusted book balance was \$1,253,163 for a variance of \$957 (the bank was higher than the book). In 2016, the Village's adjusted reconciled bank balance was \$1,597,804 and the adjusted book balance was \$1,596,457 for a variance of \$1,347 (the bank was higher than the book).

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations to make sound financial decisions. Failure to maintain complete accountability of public monies could result in inaccurate financial statements and could increase the risk of misappropriation of assets occurring and going undetected in a timely manner.

The Village should complete accurate monthly bank reconciliations. Adjustments should be documented and any unexplained differences should be investigated and resolved immediately. All transactions should be accurately posted in the accounting system. The Fiscal Officer should also utilize the Village Officers' Handbook for guidance in posting financial activity.

**FINDING NUMBER 2016-002**

**Material Weakness – Posting of Financial Activity**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**FINDING NUMBER 2016-002**  
**(Continued)**

The Village's financial statements contained the following errors, which were material and resulted in adjustments to the financial statements:

- Auditor of State Bulletin 2011-004 states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Village failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year in the amount of \$271,550 for 2015 and \$193,426 for 2016. These amounts should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund.
- Debt proceeds of \$300,000 from the Ohio Department of Transportation were improperly posted to Intergovernmental Revenue instead of Debt Proceeds in 2016 in the Street Construction and Maintenance Repair Fund (Special Revenue Fund).
- Ohio Public Works Commission (OPWC) grant proceeds in the amount of \$79,795 were improperly posted to Special Assessments instead of Intergovernmental in the Water Operating Fund in 2016 (Enterprise Fund).
- The Village did not record on-behalf grant activity of \$98,865 from OPWC in 2016 in the Water Operating Fund resulting in Intergovernmental Revenue and Contractual Services Expenditures being understated (Enterprise Fund).
- The Village did not record on-behalf Community Development Block Grant activity of \$352,000 in 2016 in the Water Operating Fund resulting in Intergovernmental Revenue and Contractual Services Expenditures being understated (Enterprise Fund).

Failure to properly post financial activity to the accounting system could result in inaccurate financial statements. Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The Village should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. The Village should follow the guidance in Auditor of State Bulletin 2000-008 regarding accounting for cash basis local governments' participation in on-behalf-of grants or improvement projects.

**FINDING NUMBER 2016-003**

**Material Weakness – Service Organization Oversight**

The Village utilized the service organization Regional Income Tax Agency (RITA), which was the agency used by the Village to administer the income tax and distribute the payments to the Village. Council did not establish procedures to determine if the service organization had implemented sufficient controls which were operating effectively to reduce the risk that the income tax accounts were incomplete and inaccurately processed, that the system was working improperly or that the Village was receiving incorrect income tax revenue.

Failure to implement procedures to monitor the service organization may result in inaccurate processing of income tax payments, incorrect taxpayer account information, and inaccurate reports submitted by RITA to the Village.

The Council should implement procedures to monitor the accuracy of payments submitted, taxpayer account information, and reports processed by RITA.

**Officials' Response to Findings Above:**

The Village will continue to strive to correct and resolve the few issues found.



# Dave Yost • Auditor of State

VILLAGE OF CAMDEN

PREBLE 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, 23 2018