



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF GREEN CAMP
MARION COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2015 and 2014
Fiscal Years Audited Under GAGAS: 2015 and 2014



Dave Yost • Auditor of State

Village Council
Village of Green Camp
101 Columbus Street, PO Box 43
Green Camp, Ohio 43322

We have reviewed the *Independent Auditor's Report* of the Village of Green Camp, Marion County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit

As Fiscal Officer for the Village of Green Camp, Keith Bradley was responsible for making bank deposits, paying the Village's expenses and recording the transactions in the Village's accounting software. Mr. Bradley also maintained possession of the Village's debit card.

During a reconstruction of Village records performed by the Auditor of State's Local Government Services Unit (LGS), deposits made by Mr. Bradley described as "reimbursements" were noted, but documentation supporting the reimbursements and calculation of amounts could not be located. From January 1, 2013 through December 31, 2015, the Village's debit card was used for 40 transactions totaling \$2,473 determined to be personal purchases or charges that could not be verified to be for a proper Village purpose. These debit card transactions also did not have supporting documentation that could be located (store receipt, invoice, etc.). An additional four transactions totaling \$183 were credits for merchandise returned to the vendor, resulting in a net total of \$2,290. In addition, Mr. Bradley made two reimbursements to the Village totaling \$1,820 using cash; one on March 12, 2014 for \$1,040 and one on April 8, 2015 for \$780. After considering the credits and the reimbursements, the amount remaining, identified as a finding for recovery, totaled \$470.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Fiscal Officer Keith Bradley, and their bonding company, Ohio Plan Risk Management, Inc., jointly and severally liable in the amount of \$470, and in favor of the Village of Green Camp's General Fund.

Council
Village of Green Camp
101 Columbus Street, PO Box 43
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On December 10, 2018, Mr. Bradley repaid \$470 to the Village of Green Camp. Accordingly, we considered this a finding for recovery repaid under audit.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Green Camp is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

December 21, 2018

**Village of Green Camp
Marion County**

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Village of Green Camp
Marion County
101 Columbus Street, P.O. Box 43
Green Camp, Ohio 43322-0043

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Green Camp, Marion County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. Members of Council

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 Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Green Camp, Marion County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As disclosed in Note 10, on June 16, 2015, the Auditor of State declared the Village of Green Camp to be in a state of fiscal emergency, in accordance with Section 118.03 of the Ohio Revised Code. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
March 30, 2017

**Village of Green Camp
Marion County**

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 40,925	\$ -	\$ 40,925
Intergovernmental	14,715	12,472	27,187
Charges for Services	-	-	-
Fines, Licenses, and Permits	237	-	237
Earnings on Investments	47	43	90
Miscellaneous	1,803	-	1,803
Total Cash Receipts	<u>57,727</u>	<u>12,515</u>	<u>70,242</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	7,709	-	7,709
Public Health Services	1,318	-	1,318
Community Environment	350	-	350
Leisure Time Activities	-	-	-
Basic Utility Services	-	-	-
Transportation	-	4,002	4,002
General Government	42,733	-	42,733
Total Cash Disbursements	<u>52,110</u>	<u>4,002</u>	<u>56,112</u>
Net Change in Fund Cash Balance	5,617	8,513	14,130
Fund Cash Balances, January 1	<u>49,159</u>	<u>42,435</u>	<u>91,594</u>
Restricted	-	50,948	50,948
Unassigned	54,776	-	54,776
Fund Cash Balances, December 31	<u><u>\$ 54,776</u></u>	<u><u>\$ 50,948</u></u>	<u><u>\$ 105,724</u></u>

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

**Village of Green Camp
Marion County**

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2015

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 90,564
Total Operating Cash Receipts	90,564
Operating Cash Disbursements:	
Contractual Services	66,699
Total Operating Cash Disbursements	66,699
Operating Income (Loss)	23,865
Non-Operating Receipts (Disbursements):	
Principal Retirement	(41,071)
Total Non-Operating Receipts (Disbursements)	(41,071)
Net Change in Fund Cash Balance	(17,206)
Fund Cash Balance, January 1	12,099
Fund Cash Balance, December 31	\$ (5,107)

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

**Village of Green Camp
Marion County**

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 40,438	\$ -	\$ 40,438
Intergovernmental	14,887	13,048	27,935
Charges for Services	320	-	320
Fines, Licenses, and Permits	500	-	500
Earnings on Investments	38	34	72
Miscellaneous	1,705	-	1,705
Total Cash Receipts	<u>57,888</u>	<u>13,082</u>	<u>70,970</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,103	-	6,103
Public Health Services	1,478	-	1,478
Community Environment	350	-	350
Leisure Time Activities	357	-	357
Transportation	-	14,567	14,567
General Government	34,844	-	34,844
Total Cash Disbursements	<u>43,132</u>	<u>14,567</u>	<u>57,699</u>
Net Change in Fund Cash Balance	14,756	(1,485)	13271
Fund Cash Balances, January 1	<u>34,403</u>	<u>43,920</u>	<u>78,323</u>
Restricted	-	42,435	42,435
Assigned	13,327	-	13,327
Unassigned	35,832	-	35,832
Fund Cash Balances, December 31	<u><u>\$ 49,159</u></u>	<u><u>\$ 42,435</u></u>	<u><u>\$ 91,594</u></u>

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

**Village of Green Camp
Marion County**

Combined Statement of Receipts, Disbursements, and
Changes in Fund Balances (Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2014

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 80,665
Total Operating Cash Receipts	80,665
Operating Cash Disbursements:	
Contractual Services	57,877
Total Operating Cash Disbursements	57,877
Operating Income (Loss)	22,788
Non-Operating Receipts (Disbursements):	
Interest	70
Principal Retirement	(13,125)
Total Non-Operating Receipts (Disbursements)	(13,055)
Net Change in Fund Cash Balance	9,733
Fund Cash Balance, January 1	2,366
Fund Cash Balance, December 31	\$ 12,099

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

**VILLAGE OF GREEN CAMP
MARION 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 Green Camp, Marion County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, sewer utility and maintenance of the Village streets. The Green Camp Township Volunteer Fire Department provides fire protection services.

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

B. Accounting Basis

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.

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 values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund 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 Fund:

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

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Enterprise Fund

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 Fund:

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

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 cancelled, and reappropriated in the subsequent year. 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.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. Unassigned

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

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

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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	\$70,548	\$73,625
Certificate of deposit	30,069	30,068
Total deposits	\$100,617	\$103,693

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

3. Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,615	\$57,727	\$2,112
Special Revenue	13,100	12,515	(585)
Enterprise	121,400	90,564	(30,836)
Total	\$190,115	\$160,806	(\$29,309)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,100	\$52,110	(\$8,010)
Special Revenue	26,100	4,002	22,098
Enterprise	132,281	107,770	24,511
Total	\$202,481	\$163,882	\$38,599

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

3. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,550	\$57,888	\$14,338
Special Revenue	18,000	13,082	(4,918)
Enterprise	95,200	80,735	(14,465)
Total	\$156,750	\$151,705	(\$5,045)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,975	\$43,132	\$3,843
Special Revenue	14,000	14,567	(567)
Enterprise	108,337	71,002	37,335
Total	\$169,312	\$128,701	\$40,611

Contrary to Ohio law, disbursements exceeded appropriations in the General Fund by \$8,010 during 2015.

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.

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

5. Defined Benefit Pension Plans

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 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participant's gross salaries. The Village has paid all contributions through December 31, 2015.

6. Postemployment Benefits

OPERS offers cost-sharing multiple-employer defined benefit postemployment plans which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Errors and Omissions.

8. Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 242,996	0.00%
Ohio Water Development Authority Loan	742,961	0.00%
Total	<u>\$ 985,957</u>	

In 2007, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for assistance in upgrading the Village's sewer system. The loan amount was \$404,995 with an interest rate of 0.00%, and will be repaid in semiannual installments of \$10,125 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

In 2007, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for assistance with the improvement of the sewer system. The total loan amount was \$1,237,837 with an interest rate of 0.00%, and will be repaid in semiannual installments of \$30,946 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2015, the Village reamortized the Ohio Public Works Commission (OPWC) for assistance in upgrading the Village's sewer system. The loan amount was \$253,122 with an interest rate of 0.00%, and will be repaid in semiannual installments of \$4,218.69 over 30 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

8. Debt (Continued)

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

Year Ending December 31:	OWDA Loan	OPWC Loan
2016	\$ 154,989	\$ 2,531
2017	61,892	8,437
2018	61,892	8,437
2019	61,892	8,437
2020	61,892	8,437
2021-2025	309,460	42,187
2026-2030	30,944	42,187
2031-2035	-	42,187
2036-2040	-	42,188
2041-2045	-	37,968
	\$ 742,961	\$ 242,996

9. Accountability and Compliance

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. The Village had disbursements that exceeded appropriations during 2015.

10. Fiscal Emergency Determination

The Auditor of State of Ohio declared the Village of Green Camp to be in a state of fiscal emergency on June 16, 2015, in accordance with Section 118.03 of the Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is comprised of the Village Mayor, the Village Council President, the Marion County Auditor, a local resident and three State of Ohio representatives.

11. Subsequent Events

In December 2016, the remainder of the Ohio Water Development Authority (OWDA) loan was refunded in the amount of \$740,703.



**Report on Internal Control over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards***

Village of Green Camp
Marion County
101 Columbus Street, P.O. Box 43
Green Camp, Ohio 43322-0043

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 Village of Green Camp, Marion County, (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 March 30, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. As disclosed in Note 10, on June 16, 2016, the Village of Green Camp was declared by the Auditor of State to be in a state of fiscal emergency.

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.

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

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. We consider findings 2015-001, 2015-002, and 2015-011, described in the accompanying schedule of findings, to be material weaknesses.



Members of Council
Village of Green Camp, Marion County
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards*
Page 2

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 disclosed in the accompanying schedule of findings as items 2015-003 through 2015-010.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 30, 2017.

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.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
March 30, 2017

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-001

Material Weakness – Segregation of Duties

There is insufficient segregation of duties in the Village. Due to the size of the Village and the number of employees, the Fiscal Officer prepares checks, reconciles the bank account, records receipts, prepares deposits, and opens the mail for the Village.

Proper internal control procedures require the various duties be segregated among different employees. The duties of collecting, recording, depositing, reconciling, and disbursing of Village monies should be separated. Failure to maintain sufficient segregation of duties could allow errors and/or irregularities to go undetected without the knowledge of the Village Council.

In a small operation, such as the Village of Green Camp, it is not always possible to have enough staff to properly segregate duties. Understanding this, we recommend the Mayor or Council take a more active role in monitoring transactions, such as examining cancelled checks and reviewing bank reconciliations. We recommend these reviews be random and sporadic, rather than scheduled. Such reviews would act as a deterrent to irregularities and would allow the Village an opportunity to timely detect and correct any errors that may occur.

Officials Response:

The Village did not respond to finding.

FINDING NUMBER 2015-002

Material Weakness – Budgetary Monitoring

Entities require strong controls over the budgetary Ohio Revised Code compliance requirements. These internal controls should provide monitoring over compliance with applicable Ohio Revised Code Sections.

The Village lacks monitoring controls over completing the necessary paperwork annually to be in compliance with the applicable Ohio Revised Code compliance sections.

Lack of such internal controls facilitates the Village's noncompliance with certain rules and regulations and could facilitate over spending of available monies.

We recommend the Village consider implementing a "due date" system that denotes significant budgetary filing requirements and their respective due dates. We further recommend the Village Council designate a council member to oversee the implementation and compliance with this system. This will help ensure that all required budgetary documents are properly approved and submitted as required and on a timely basis.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-003

Material Noncompliance

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The Village had disbursements exceeding appropriations by \$8,010 in the General Fund during the year ended December 31, 2015.

With disbursements exceeding appropriations, the Village is expending monies that have not been appropriated and approved by the Village Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village monitor disbursements closely to help ensure they do not exceed lawful appropriations.

Officials Response:

The Village did not respond to finding.

FINDING NUMBER 2015-004

Material Noncompliance

Money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund [Ohio Rev. Code § 5705.10(I)].

When a fund ends the year with negative cash, it is inappropriate to present an “advance” on the budgetary statement to eliminate the negative cash fund balance. Even though, in substance, the government has made an advance, it is not acceptable to “hide” noncompliance by creating an advance not properly authorized by the government. However, a government should post an interfund receivable and payable to eliminate the negative cash balance on the GAAP financial statements. The government should select the fund to report the receivable.

During the audit period, it was noted that the Sewer fund had a negative fund balance.

We recommend the Township should closely monitor expenditures and ensure they are paid from the proper fund.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-005

Material Noncompliance

26 U.S.C. 3402 (a)(1) requires employers to withhold and remit federal income taxes from the wages of employees and elected Officials.

Federal taxes were withheld from employees' and elected official's wages during 2015. However, there was no indication or documentation that the amounts withheld were remitted. As of December 31, 2015 the village had outstanding obligations to the Internal Revenue Service for federal income taxes withheld for 2015 in the amount of \$100. This amount did not include amounts owed from any prior years, nor any interest and penalties which may have been assessed.

We recommend the Village Fiscal Officer remit federal income taxes withheld on a timely basis. Additionally, the Village should maintain documentation concerning the remittance of federal income taxes as well as the required reports.

Officials Response:

The Village did not respond to finding.

FINDING NUMBER 2015-006

Material Noncompliance

26 U.S.C. Sections 3102(a) and 3101(b) and Ohio Attorney General Opinion 88-021 require that mandatory Medicare coverage be deducted from the wages of elected Officials and employees hired after March 31, 1986. Internal Revenue Service, Publication 15, Circular E, Chapter 9 states that the employer tax rate for Medicare tax is also 1.45% (2.9% total).

Medicare taxes were withheld from employees' and elected official's wages during 2014 and 2015. However, there was no indication or documentation that the amounts withheld were remitted. As of December 31, 2015 the village had outstanding obligations to the Internal Revenue Service for Medicare taxes withheld for 2014 and 2015 in the amount of \$41 and \$507. This amount did not include amounts owed from any prior years, nor any interest and penalties which may have been assessed.

We recommend the Village Fiscal Officer remit Medicare taxes withheld, along with the employer's share, on a timely basis. Additionally, the Village should maintain documentation concerning the remittance of Medicare taxes as well as the required reports.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-007

Material Noncompliance

Ohio School District taxes were withheld from employees' and elected official's wages during 2014 and 2015. However, there was no indication or documentation that the amounts withheld were remitted. As of December 31, 2015 the village had outstanding obligations to the for Ohio School District taxes withheld for 2014 and 2015 in the amount of \$108 and \$105. This amount did not include amounts owed from any prior years, nor any interest and penalties which may have been assessed.

We recommend the Village Fiscal Officer remit Ohio School District withheld, along with the employer's share, on a timely basis. Additionally, the Village should maintain documentation concerning the remittance of Medicare taxes as well as the required reports.

Officials Response:

The Village did not respond to finding.

FINDING NUMBER 2015-008

Material Noncompliance

Ohio Rev. Code Section 4123.38 requires that every employer mentioned in division (B)(1) of section 4123.01 of the Revised Code shall contribute to the public insurance fund in the amount of money determined by the administrator of worker's' compensation, and the manner of determining contributions and the classifications of employers is as provided in sections 4123.39 to 4123.41 and section 4123.48 of the Revised Code.

The Village had unpaid obligations for the Bureau of Worker's' Compensation contribution. Per review of documentation provided by the Village had unpaid obligations dating back to December 31, 2013. As a result, penalties and interest have been assessed and will continue to accrue for late payment and late filing of reports until such time as the Village has paid the balance due.

We recommend the Village Fiscal Officer remit the required reports and amounts to the Bureau of Worker's Compensation on a timely basis. Additionally, the Village should maintain documentation concerning the remittance of state income taxes as well as the required reports.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-009

Material Noncompliance

Ohio Rev. Code Section 5747.07(B)(4) states an employer shall make the payment of undeposited taxes for each calendar quarter during which they were required to be withheld no later than the last day of the month following the last day of March, June, September, and December of each year. The employer shall file the return prescribed by the tax commissioner with the payment.

Ohio Rev. Code Section 5747.07 (E)(2) requires that in addition to other returns required to be filed and payments made under this section, every employer required to deduct and withhold taxes shall file, not later than the thirty-first day of January of each year, an annual return covering, but not limited to, both the aggregate amount deducted and withheld and the aggregate amount required to be deducted and withheld during the entire preceding year for the tax imposed under section 5747.02 of the Revised Code. At the time of filing the return, the employer shall pay over any amounts of undeposited taxes for the preceding year, whether actually deducted and withheld or required to be deducted and withheld, that have not been previously paid. The employer shall make the annual report, to each employee and to the tax commissioner, of the compensation paid and each tax withheld, as the commissioner by rule may prescribe.

At December 31, 2015, the Village had not remitted 2015, and 2014 state income taxes in the amounts of \$82 and \$85, respectively. This does not include any penalties that the Village might have occurred.

We recommend the Village Fiscal Officer remit state income taxes withheld on a timely basis. Additionally, the Village should maintain documentation concerning the remittance of state income taxes as well as the required reports.

Officials Response:

The Village did not respond to finding.

FINDING NUMBER 2015-010

Material Noncompliance

Ohio Revised Code § 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and order for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above a Officials 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 Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

**FINDING NUMBER 2015-010
(Continued)**

1. “Then and Now” certificate – If the fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), 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 Board can authorize the drawing of a warrant for the payment of the amount due. The Board 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 the expenditure is otherwise lawful.

This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

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 Board 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.

Certification is not only required by Ohio law, but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council.

The Village failed to obtain prior certification for 10% of the transactions tested.

To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Fiscal Officer and Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Fiscal Officer, and recorded against appropriations.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY**

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

FINDING NUMBER 2015-011

Material Weakness

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is palpably and manifestly arbitrary or incorrect. 1982 Op. Atty. Gen No. 82-006 indicates that the expenditure must be memorialized by duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of States Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During 2015 and 2014, we noted late fees paid to Ohio Public Employee’s Retirement System in the amount of \$149, Ohio Water Development Authority in the amount of \$1,530. We also noted late fees from various vendors in the amount of \$50. The Village has also not paid income taxes for the Village employee’s during 2015 or 2014 which could result in late fees being proceed on these delinquent payments.

We do not consider these charges to be for a proper public purpose in the operations of the Village.

Officials Response:

The Village did not respond to finding.

**VILLAGE OF GREEN CAMP
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2013-001	Material Weakness – Segregation of Duties	No	Reissued as item 2015-001
2013-002	Material Weakness – Financial Reporting	Yes	
2013-003	Material Weakness – Bank Reconciliations	Yes	
2013-004	Material Weakness – Budgetary Monitoring	No	Reissued as item 2015-002
2013-005	ORC 5705.41(B) Expenditures exceeding Appropriations	No	Reissued as item 2015-003
2013-006	ORC 5705.39 Appropriations exceed total estimated resources	Yes	

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Dave Yost • Auditor of State

VILLAGE OF GREEN CAMP

MARION 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
JANUARY 3, 2019**