



Mary Taylor, CPA
Auditor of State

VILLAGE OF CAMDEN
PREBLE COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Camden
Preble County
56 North Main Street
P.O. Box 1
Camden, Ohio 45311

To the Village Council:

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

Mary Taylor

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Auditor of State

December 16, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Camden
Preble County
56 North Main Street
P.O. Box 1
Camden, Ohio 45311

To the Village Council:

We have audited the accompanying financial statements of the Village of Camden, Preble County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Camden, Preble County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

December 16, 2009

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Local Taxes	\$222,922	\$10,400	\$0	\$233,322
Intergovernmental	102,203	105,019	45,904	253,126
Charges for Services	5,246	0	0	5,246
Fines, Licenses and Permits	12,127	0	0	12,127
Earnings on Investments	27,001	1,941	0	28,942
Miscellaneous	8,815	4,893	0	13,708
	<u>378,314</u>	<u>122,253</u>	<u>45,904</u>	<u>546,471</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	211,832	4	0	211,836
Basic Utility Service	29,356	3,495	0	32,851
Transportation	20,025	141,214	0	161,239
General Government	89,180	0	0	89,180
Debt Service:				
Redemption of Principal	0	0	788	788
Interest and Fiscal Charges	0	0	34,674	34,674
Capital Outlay	0	0	1,160,978	1,160,978
	<u>350,393</u>	<u>144,713</u>	<u>1,196,440</u>	<u>1,691,546</u>
Total Cash Disbursements	<u>350,393</u>	<u>144,713</u>	<u>1,196,440</u>	<u>1,691,546</u>
Total Receipts Over/(Under) Disbursements	<u>27,921</u>	<u>(22,460)</u>	<u>(1,150,536)</u>	<u>(1,145,075)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Other Debt Proceeds	0	0	1,150,536	1,150,536
Transfers-Out	(6,450)	0	0	(6,450)
	<u>(6,450)</u>	<u>0</u>	<u>1,150,536</u>	<u>1,144,086</u>
Total Other Financing Receipts / (Disbursements)	<u>(6,450)</u>	<u>0</u>	<u>1,150,536</u>	<u>1,144,086</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,471	(22,460)	0	(989)
Fund Cash Balances, January 1	<u>165,610</u>	<u>140,733</u>	<u>0</u>	<u>306,343</u>
Fund Cash Balances, December 31	<u>\$187,081</u>	<u>\$118,273</u>	<u>\$0</u>	<u>\$305,354</u>
Reserve for Encumbrances, December 31	<u>\$3,073</u>	<u>\$722</u>	<u>\$0</u>	<u>\$3,795</u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$371,676	\$0	\$371,676
Fines, Licenses and Permits	\$1,561	0	1,561
Miscellaneous	1,926	0	1,926
Total Operating Cash Receipts	<u>375,163</u>	<u>0</u>	<u>375,163</u>
Operating Cash Disbursements:			
Personal Services	42,960	0	42,960
Employee Fringe Benefits	13,073	0	13,073
Contractual Services	251,738	0	251,738
Supplies and Materials	29,707	0	29,707
Other	15,690	0	15,690
Total Operating Cash Disbursements	<u>353,168</u>	<u>0</u>	<u>353,168</u>
Operating Income	<u>21,995</u>	<u>0</u>	<u>21,995</u>
Non-Operating Cash Receipts:			
Intergovernmental	44,125	0	44,125
Special Assessments	259,847	0	259,847
Other Non-Operating Cash Receipts	0	15,548	15,548
Total Non-Operating Cash Receipts	<u>303,972</u>	<u>15,548</u>	<u>319,520</u>
Non-Operating Cash Disbursements:			
Capital Outlay	5,210	0	5,210
Redemption of Principal	144,135	0	144,135
Interest and Other Fiscal Charges	118,205	0	118,205
Other Non-Operating Cash Disbursements	0	14,840	14,840
Total Non-Operating Cash Disbursements	<u>267,550</u>	<u>14,840</u>	<u>282,390</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	58,417	708	59,125
Transfers-In	<u>6,450</u>	<u>0</u>	<u>6,450</u>
Net Receipts Over Disbursements	64,867	708	65,575
Fund Cash Balances, January 1	<u>788,540</u>	<u>2,459</u>	<u>790,999</u>
Fund Cash Balances, December 31	<u>\$853,407</u>	<u>\$3,167</u>	<u>\$856,574</u>
Reserve for Encumbrances, December 31	<u>\$1,572</u>	<u>\$0</u>	<u>\$1,572</u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$148,810	\$10,812	\$159,622
Intergovernmental	89,447	110,155	199,602
Charges for Services	94	0	94
Fines, Licenses and Permits	15,757	0	15,757
Earnings on Investments	10,944	1,189	12,133
Miscellaneous	7,056	1,525	8,581
 Total Cash Receipts	 272,108	 123,681	 395,789
Cash Disbursements:			
Current:			
Security of Persons and Property	169,483	18	169,501
Basic Utility Service	8,019	2,421	10,440
Transportation	19,729	79,011	98,740
General Government	97,138	0	97,138
 Total Cash Disbursements	 294,369	 81,450	 375,819
 Total Receipts Over/(Under) Disbursements	 (22,261)	 42,231	 19,970
Other Financing Receipts / (Disbursements):			
Transfers-Out	(2,436)	0	(2,436)
Other Financing Sources	78	0	78
 Total Other Financing Receipts / (Disbursements)	 (2,358)	 0	 (2,358)
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (24,619)	 42,231	 17,612
 Fund Cash Balances, January 1	 190,229	 98,502	 288,731
 Fund Cash Balances, December 31	 \$165,610	 \$140,733	 \$306,343

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$419,073	\$0	\$419,073
Fines, Licenses and Permits	\$1,440	0	1,440
Miscellaneous	5,500	0	5,500
	<u>426,013</u>	<u>0</u>	<u>426,013</u>
Operating Cash Disbursements:			
Personal Services	41,261	0	41,261
Employee Fringe Benefits	12,905	0	12,905
Contractual Services	285,861	0	285,861
Supplies and Materials	36,470	0	36,470
Other	2,223	0	2,223
	<u>378,720</u>	<u>0</u>	<u>378,720</u>
Operating Income	<u>47,293</u>	<u>0</u>	<u>47,293</u>
Non-Operating Cash Receipts:			
Intergovernmental	124,584	0	124,584
Special Assessments	216,000	0	216,000
Other Debt Proceeds	1,178,304	0	1,178,304
Miscellaneous Receipts	1,551	0	1,551
Other Non-Operating Cash Receipts	0	14,833	14,833
	<u>1,520,439</u>	<u>14,833</u>	<u>1,535,272</u>
Non-Operating Cash Disbursements:			
Capital Outlay	1,109,239	0	1,109,239
Redemption of Principal	247,027	0	247,027
Interest and Other Fiscal Charges	34,377	0	34,377
Other Non-Operating Cash Disbursements	0	14,336	14,336
	<u>1,390,643</u>	<u>14,336</u>	<u>1,404,979</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	177,089	497	177,586
Transfers-In	<u>2,436</u>	<u>0</u>	<u>2,436</u>
Net Receipts Over Disbursements	179,525	497	180,022
Fund Cash Balances, January 1	<u>609,015</u>	<u>1,962</u>	<u>610,977</u>
Fund Cash Balances, December 31	<u><u>\$788,540</u></u>	<u><u>\$2,459</u></u>	<u><u>\$790,999</u></u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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

The Village participates in one jointly governed organization. Note 8 to the financial statements provides additional information for this entity. This organization is the Camden Somers Fire and Rescue Protection District. They provide fire protection for the Village.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

The Village values certificates of deposits at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue 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 CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Water Tower Fund – This fund receives proceeds from the Ohio Water Development Authority and Ohio Public Works Commission. The proceeds are being used to construct a new water tower.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

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

Refuse Fund - This fund receives charges for services from residents to cover refuse service costs.

Sewer Debt Service Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance improvements at the wastewater treatment plant and an extension of the north area sewer. A utility surcharge recorded in this fund will repay these loans.

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.

E. Budgetary Process

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year; however, the Village carries over payroll encumbrances at year end.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

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

2. Equity in Pooled Cash and Deposits

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$1,045,714	\$988,396
Certificates of deposit	116,214	108,946
Total deposits	<u>\$1,161,928</u>	<u>\$1,097,342</u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$327,104	\$378,314	\$51,210
Special Revenue	116,851	122,253	5,402
Capital Projects	1,062,000	1,196,440	134,440
Enterprise	670,616	685,585	14,969
Total	\$2,176,571	\$2,382,592	\$206,021

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$508,604	\$359,916	\$148,688
Special Revenue	206,300	145,435	60,865
Capital Projects	1,062,000	1,196,440	(134,440)
Enterprise	733,637	622,290	111,347
Total	\$2,510,541	\$2,324,081	\$186,460

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$245,362	\$272,186	\$26,824
Special Revenue	116,651	123,681	7,030
Enterprise	650,100	1,948,888	1,298,788
Total	\$1,012,113	\$2,344,755	\$1,332,642

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$431,078	\$296,805	\$134,273
Special Revenue	200,728	81,450	119,278
Enterprise	651,196	1,769,363	(1,118,167)
Total	\$1,283,002	\$2,147,618	(\$864,616)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Water Fund by \$1,065,336 and the Water Debt Service Fund by \$78,877 for the year ended December 31, 2007 and in the Water Tower Fund by \$134,440 for the year ended December 31, 2008. Also contrary to Ohio law, the Village did not properly establish a Drug Fund Account and Law Enforcement Trust Fund Account.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Property Tax

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

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2711	\$399,850	2.20%
Ohio Water Development Authority Loan #2712	473,564	3.50%
Ohio Water Development Authority Loan #4410	174,635	4.29%
Ohio Water Development Authority Loan #4676	684,876	4.12%
Ohio Water Development Authority Loan #4751	1,357,425	4.47%
Ohio Public Works Commission Loan #CT63J	225,000	0.00%
Total	<u><u>\$3,315,350</u></u>	

The Ohio Water Development Authority (OWDA) Loan #2711 relates to wastewater treatment plant improvements that were mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$35,751 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 #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 \$5,438 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 \$23,739 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
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. 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 \$44,193 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 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.

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

Year ending December 31:	OWDA Loan #2711	OWDA Loan #2712	OWDA Loan #4410	OWDA Loan #4676	OWDA Loan #4751	OPWC Loan #CT63J
2009	\$71,502	\$59,026	\$5,438	\$47,479	\$88,385	\$5,625
2010	71,502	59,026	10,877	47,479	88,385	11,250
2011	71,502	59,026	10,877	47,479	88,385	11,250
2012	71,502	59,026	10,877	47,479	88,385	11,250
2013	71,502	59,026	10,877	47,479	88,385	11,250
2014-2018	107,253	295,128	54,384	237,393	441,927	56,250
2019-2023			54,384	237,393	441,927	56,250
2024-2028			54,384	237,393	441,927	56,250
2029-2033			54,384	237,393	441,927	5,625
2034-2038			32,631	213,654	441,927	
Total	<u>\$464,763</u>	<u>\$590,258</u>	<u>\$299,113</u>	<u>\$1,400,621</u>	<u>\$2,651,560</u>	<u>\$225,000</u>

6. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

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. Jointly Governed Organizations

The Camden-Somers Fire and Rescue Protection District, Preble County, (the District) 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 within 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 Avenue, Camden, Ohio 45311.

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Mary Taylor, CPA

Auditor of State

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

Village of Camden
Preble County
56 North Main Street
P.O. Box 1
Camden, Ohio 45311

To the Village Council:

We have audited the financial statements of the Village of Camden, Preble County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 16, 2009 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 through 2008-003 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe findings number 2008-001 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated December 16, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2008-002 through 2008-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated December 16, 2009.

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



Mary Taylor, CPA
Auditor of State

December 16, 2009

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring that accounting records are properly designed, and verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Village lacked management oversight in the receipt of Ohio Water Development Authority (OWDA) & Ohio Public Works Commission (OPWC) monies, Mayor's Court activity, intergovernmental receipts, proper posting of street lighting disbursements, and proper posting of general government disbursements. This lack of oversight is illustrated by the following:

- The Mayor's Court activity was not recorded on the annual financial report as an Agency Fund in 2007 or 2008.
- OWDA and OPWC made payments to vendors on behalf of the Village for its water system improvements; however, these payments were not posted to the Village's annual financial report for 2008 and 2007 in the amounts of \$1,150,536 (Water Tower Fund) and \$1,105,566 (Water Fund), respectively.
- OWDA and OPWC made principal and interest payments on behalf of the Village for some of their outstanding debt; however, these payments were not posted to the Village's annual financial report for 2008 and 2007 in the amounts of \$35,462 (Water Tower Fund) and \$143,033 (Water Debt Service Fund), respectively.
- The Village incorrectly posted street lighting disbursements to the Street Construction, Maintenance and Repair Fund (\$10,000) and Permissive Motor Vehicle License Tax Fund (\$9,729) in 2007 and the Street Construction, Maintenance and Repair Fund (\$15,025) and Permissive Motor Vehicle License Tax Fund (\$5,000) in 2008. Street lighting disbursements are not allowable disbursements for these funds and the expenses should have been posted to the General Fund.
- The Village incorrectly posted general government disbursements to Transfers Out within the General Fund for 2007 (\$20,000) and posted general government and basic utility disbursements to Transfers Out within the General Fund for 2008 (\$23,105).
- The Village incorrectly posted various Local Government and Homestead and Rollback receipts to Taxes (\$13,487) and Miscellaneous (\$2,316) instead of Intergovernmental in 2007 and to Taxes (\$29,370) and Miscellaneous (\$2,237) instead of Intergovernmental in 2008 within the General Fund.
- The Village incorrectly posted various Local Government receipts to Taxes instead of Intergovernmental within the Street Construction, Maintenance, and Repair Fund in 2007 (\$21,706) and 2008 (21,687).

The Village made audit adjustments to the accompanying financial statements and their accounting system for the above items.

**FINDING NUMBER 2008-001
(Continued)**

Failure to properly post revenue and expenditures can result in inaccurate records and financial statements, as well as cause the Village to misappropriate funds. We recommend the Village properly post receipts and expenditures. The Village should review receipts and expenditures posted to the ledgers for accuracy. Comparisons between years may aid in the proper posting of receipts and expenditures. To improve accountability and record keeping, we recommend that the Village use due care in posting financial activity to the Village's books.

FINDING NUMBER 2008-002

Significant Deficiency/Noncompliance

Ohio Rev. Code, Section 2981.13(C)(1), states, in pertinent part, that a law enforcement trust fund shall be established by the legislative authority of each municipal corporation and that amounts distributed to any municipal corporation law enforcement trust fund shall be allocated from the fund by the legislative authority only to the police department of the municipal corporation.

Ohio Rev. Code, Section 2981.13(C)(2)(a), states that no amounts shall be allocated to a fund created under this section or used by an agency unless the agency has adopted a written internal control policy that addresses the use of moneys received from the appropriate fund. The appropriate fund shall be expended only in accordance with that policy and, subject to the requirements specified in this section, only for the following purposes:

- (i) To pay the costs of protracted or complex investigations or prosecutions;
- (ii) To provide reasonable technical training or expertise;
- (iii) To provide matching funds to obtain federal grants to aid law enforcement, in the support of DARE programs or other programs designed to educate adults or children with respect to the dangers associated with the use of drugs of abuse;
- (iv) To pay the costs of emergency action taken under section 3745.13 of the Revised Code relative to the operation of an illegal methamphetamine laboratory if the forfeited property or money involved was that of a person responsible for the operation of the laboratory;
- (v) For other law enforcement purposes that the legislative authority determines to be appropriate.

Ohio Rev. Code, Section 2981.13(C)(3)(b), requires that any municipal corporation police department that receive amounts under this section during any calendar year shall file a report with the legislative authority of the municipal corporation, not later than the thirty-first day of January of the next calendar year, verifying that the moneys were expended only for the purposes authorized by this section or other relevant statute and specifying the amounts expended for each authorized purpose.

Ohio Rev. Code, Section 2981.11(B)(2), states that each law enforcement agency that during any calendar year has any seized or forfeited property covered by this section in its custody, including amounts distributed under section 2981.13 of the Revised Code to its law enforcement trust fund or a similar fund created for the state highway patrol, department of public safety, department of taxation, or state board of pharmacy, shall prepare a report covering the calendar year that cumulates all of the information contained in all of the public records kept by the agency pursuant to this section for that calendar year. The agency shall send a copy of the cumulative report to the attorney general not later than the first day of March in the calendar year following the calendar year covered by the report.

**FINDING NUMBER 2008-002
(Continued)**

The Village established an off-the books Law Enforcement Trust Fund account for use by its police department during fiscal year 2007 (opened for \$1,525). This account was not added to the Village's books as required by the Ohio Revised Code during the audit period. The Village has subsequently added this account to their books. This activity has been added to the Village's financial statements and is reflected in the Special Revenue Fund Type (the only activity for this account was disbursements of \$18 in 2007 and \$4 in 2008). We recommend all receipts and expenditures be accounted for on the Village's financial records, all accounting entries be posted in chronological order and reflect year-to-date totals, and all records be reconciled with the bank activity on a monthly basis.

FINDING NUMBER 2008-003

Significant Deficiency/Noncompliance

Ohio Rev. Code, Section 2925.03(F)(1), states that notwithstanding any contrary provision of section 3719.21 of the Revised Code and except as provided in division (H) of this section, the clerk of the court shall pay any mandatory fine imposed pursuant to division (D)(1) of this section and any fine other than a mandatory fine that is imposed for a violation of this section pursuant to division (A) or (B)(5) of section 2929.18 of the Revised Code to the county, township, municipal corporation, park district, as created pursuant to section 511.18 or 1545.04 of the Revised Code, or state law enforcement agencies in this state that primarily were responsible for or involved in making the arrest of, and in prosecuting, the offender. However, the clerk shall not pay a mandatory fine so imposed to a law enforcement agency unless the agency has adopted a written internal control policy under division (F)(2) of this section that addresses the use of the fine moneys that it receives. Each agency shall use the mandatory fines so paid to subsidize the agency's law enforcement efforts that pertain to drug offenses, in accordance with the written internal control policy adopted by the recipient agency under division (F)(2) of this section.

Ohio Rev. Code, Section 2925.03 (F)(2)(a), states that prior to receiving any fine moneys under division (F)(1) of this section or division (B) of section 2925.42 of the Revised Code, a law enforcement agency shall adopt a written internal control policy that addresses the agency's use and disposition of all fine moneys so received and that provides for the keeping of detailed financial records of the receipts of those fine moneys, the general types of expenditures made out of those fine moneys, and the specific amount of each general type of expenditure. The policy shall not provide for or permit the identification of any specific expenditure that is made in an ongoing investigation. All financial records of the receipts of those fine moneys, the general types of expenditures made out of those fine moneys, and the specific amount of each general type of expenditure by an agency are public records open for inspection under section 149.43 of the Revised Code. Additionally, a written internal control policy adopted under this division is such a public record, and the agency that adopted it shall comply with it.

Ohio Rev. Code, Section 2925.03 (F)(b), states that each law enforcement agency that receives in any calendar year any fine moneys under division (F)(1) of this section or division (B) of section 2925.42 of the Revised Code shall prepare a report covering the calendar year that cumulates all of the information contained in all of the public financial records kept by the agency pursuant to division (F)(2)(a) of this section for that calendar year, and shall send a copy of the cumulative report, no later than the first day of March in the calendar year following the calendar year covered by the report, to the attorney general. Each report received by the attorney general is a public record open for inspection under section 149.43 of the Revised Code.

**FINDING NUMBER 2008-003
 (Continued)**

The Village established an off-the books Drug Fund account for use by its police department during fiscal year 2008 (opened for \$2,500 with no activity during 2008). The Village did not add this account to their books as required by the Ohio Revised Code during the audit period. The Village has subsequently added this account to their books. This activity has been added to the Village's financial statements and is reflected in the Special Revenue Fund Type. We recommend all receipts and expenditures be accounted for on the Village's financial records, all accounting entries be posted in chronological order and reflect year-to-date totals, and all records be reconciled with the bank activity on a monthly basis.

FINDING NUMBER 2008-004

Noncompliance

Ohio Rev. Code, Section 5705.41(B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures plus encumbrances exceeded appropriations plus prior-year carryover encumbrances for the following funds:

Fund	Expenditures + Encumbrances	Appropriations + PY Carryover Encumbrances	Variance
<i>At December 31, 2007:</i>			
Water Fund (5101)	\$170,805	\$1,236,141	(\$1,065,336)
Water Debt Service Fund (5102)	72,000	150,877	(78,877)
<i>At December 31, 2008:</i>			
Water Tower Fund (4901)	1,062,000	1,196,440	(134,440)

Variances above are due to audit adjustments listed in Finding 2008-001 being posted to the accompanying financial statements.

Failure to properly monitor appropriations and amend appropriations could result in the illegal expenditure of monies. We recommend that the Village take steps to ensure appropriations are being properly monitored. No expenditures should be made unless there are sufficient appropriations to cover the expenditures.

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Sec. 5705.41(D)(1): Failure to certify expenditures	Yes	
2006-002	Lack of management oversight in accounting for various transactions	No	Not Corrected-Reissued as Finding 2008-001
2006-003	Ohio Rev. Code Sec. 5705.41(B): Expenditures plus outstanding encumbrances exceeded appropriations	No	Not Corrected-Reissued as Finding 2008-004



Mary Taylor, CPA
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
JANUARY 12, 2010**