



Dave Yost • Auditor of State

VILLAGE OF CAMDEN
PREBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Enterprise and Agency Funds - For the Year Ended December 31, 2012	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Enterprise and Agency Funds - For the Year Ended December 31, 2011	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Audit Findings	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Village of Camden, Preble County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, 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 Village of Camden, Preble County as of December 31, 2012 and 2011, 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 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Village of Camden adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2013

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

From I.5 - all footed and cross-footed

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$202,905	\$10,265		\$213,170
Intergovernmental	72,297	96,332	\$214,908	383,537
Charges for Services	9,089			9,089
Fines, Licenses and Permits	50,867	805		51,672
Earnings on Investments	2,788	11		2,799
Miscellaneous	18,422	32,423		50,845
	<i>Total Cash Receipts</i>	<i>139,836</i>	<i>214,908</i>	<i>711,112</i>
Cash Disbursements				
Current:				
Security of Persons and Property	190,500	3,260		193,760
Basic Utility Services	18,424	1,757		20,181
Transportation		121,617		121,617
General Government	125,334			125,334
Capital Outlay			214,487	214,487
	<i>Total Cash Disbursements</i>	<i>126,634</i>	<i>214,487</i>	<i>675,379</i>
<i>Net Change in Fund Cash Balances</i>	22,110	13,202	421	35,733
<i>Fund Cash Balances, January 1</i>	123,151	146,495		269,646
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	159,697	0	159,697
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	145,261	0	421	145,682
	<i>Fund Cash Balances, December 31</i>	<i>\$159,697</i>	<i>\$421</i>	<i>\$305,379</i>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

From I.5 - all footed and cross-footed

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$405,659		\$405,659
Fines, Licenses and Permits	35		35
Miscellaneous	66		66
<i>Total Operating Cash Receipts</i>	<u>405,760</u>	<u>0</u>	<u>405,760</u>
Operating Cash Disbursements			
Personal Services	93,003		93,003
Employee Fringe Benefits	14,831		14,831
Contractual Services	528,385		528,385
Supplies and Materials	35,069		35,069
Other	40,897		40,897
<i>Total Operating Cash Disbursements</i>	<u>712,185</u>	<u>0</u>	<u>712,185</u>
<i>Operating Income (Loss)</i>	<u>(306,425)</u>	<u>0</u>	<u>(306,425)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	278,136		278,136
Other Debt Proceeds	1,471,936		1,471,936
Capital Outlay	(1,289,165)		(1,289,165)
Principal Retirement	(171,634)		(171,634)
Interest and Other Fiscal Charges	(108,246)		(108,246)
Other Financing Sources		\$78,303	78,303
Other Financing Uses		(84,280)	(84,280)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>181,027</u>	<u>(5,977)</u>	<u>175,050</u>
<i>Net Change in Fund Cash Balances</i>	<u>(125,398)</u>	<u>(5,977)</u>	<u>(131,375)</u>
<i>Fund Cash Balances, January 1</i>	<u>806,002</u>	<u>7,484</u>	<u>813,486</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$680,604</u></u>	<u><u>\$1,507</u></u>	<u><u>\$682,111</u></u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$203,304	\$9,842	\$213,146
Intergovernmental	89,492	94,091	183,583
Charges for Services	6,466		6,466
Fines, Licenses and Permits	15,650	1,750	17,400
Earnings on Investments	3,957	106	4,063
Miscellaneous	17,793	2,705	20,498
<i>Total Cash Receipts</i>	<u>336,662</u>	<u>108,494</u>	<u>445,156</u>
Cash Disbursements			
Current:			
Security of Persons and Property	180,264	2,472	182,736
Basic Utility Services	11,939	2,911	14,850
Transportation		81,291	81,291
General Government	161,229		161,229
<i>Total Cash Disbursements</i>	<u>353,432</u>	<u>86,674</u>	<u>440,106</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,770)</u>	<u>21,820</u>	<u>5,050</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(16,196)		(16,196)
Other Financing Sources	787		787
Other Financing Uses		(825)	(825)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(15,409)</u>	<u>(825)</u>	<u>(16,234)</u>
<i>Net Change in Fund Cash Balances</i>	(32,179)	20,995	(11,184)
<i>Fund Cash Balances, January 1</i>	<u>155,330</u>	<u>125,500</u>	<u>280,830</u>
Fund Cash Balances, December 31			
Nonspendable	0	0	0
Restricted	0	146,495	146,495
Committed	0	0	0
Assigned	0	0	0
Unassigned (Deficit)	123,151	0	123,151
<i>Fund Cash Balances, December 31</i>	<u>\$123,151</u>	<u>\$146,495</u>	<u>\$269,646</u>

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL ENTERPRISE AND AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Enterprise	Agency	Totals (Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$403,545		\$403,545
Fines, Licenses and Permits	100		100
Miscellaneous	2,332		2,332
<i>Total Operating Cash Receipts</i>	<u>405,977</u>	<u>0</u>	<u>405,977</u>
Operating Cash Disbursements			
Personal Services	64,349		64,349
Employee Fringe Benefits	8,871		8,871
Contractual Services	537,875		537,875
Supplies and Materials	61,947		61,947
Other	15,036		15,036
<i>Total Operating Cash Disbursements</i>	<u>688,078</u>	<u>0</u>	<u>688,078</u>
<i>Operating Income (Loss)</i>	<u>(282,101)</u>	<u>0</u>	<u>(282,101)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	275,000		275,000
Other Debt Proceeds	593,941		593,941
Capital Outlay	(89,456)		(89,456)
Principal Retirement	(384,519)		(384,519)
Interest and Other Fiscal Charges	(171,613)		(171,613)
Other Financing Sources		\$30,203	30,203
Other Financing Uses		(29,159)	(29,159)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>223,353</u>	<u>1,044</u>	<u>224,397</u>
<i>Income (Loss) before Transfers</i>	<u>(58,748)</u>	<u>1,044</u>	<u>(57,704)</u>
Transfers In	16,196		16,196
<i>Net Change in Fund Cash Balances</i>	<u>(42,552)</u>	<u>1,044</u>	<u>(41,508)</u>
<i>Fund Cash Balances, January 1</i>	<u>848,554</u>	<u>6,440</u>	<u>854,994</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$806,002</u></u>	<u><u>\$7,484</u></u>	<u><u>\$813,486</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, 2012 AND 2011**

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 9 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 and emergency medical services 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 deposit 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 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 CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund in 2012:

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

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, 2012 AND 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

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. The Village did not have any nonspendable fund balances.

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. The Village did not have any committed fund balances.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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. The Village did not have any assigned fund balances.

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.

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:

	2012	2011
Demand deposits	\$608,087	\$706,455
Certificates of deposit	379,403	376,677
Total deposits	987,490	1,083,132

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, 2012 AND 2011
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$272,200	\$356,368	\$84,168
Special Revenue	96,590	139,836	43,246
Capital Projects	361,767	214,908	(146,859)
Enterprise	557,600	2,155,832	1,598,232
Total	\$1,288,157	\$2,866,944	\$1,578,787

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$434,670	\$334,258	\$100,412
Special Revenue	206,074	126,634	79,440
Capital Projects	361,767	214,487	147,280
Enterprise	2,129,433	2,281,230	(151,797)
Total	\$3,131,944	\$2,956,609	\$175,335

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$287,279	\$337,449	\$50,170
Special Revenue	106,140	108,494	2,354
Enterprise	688,787	1,274,918	586,131
Total	\$1,082,206	\$1,720,861	\$638,655

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$431,990	\$369,628	\$62,362
Special Revenue	509,681	87,499	422,182
Enterprise	2,666,909	1,333,666	1,333,243
Total	\$3,608,580	\$1,790,793	\$1,817,787

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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.

6. Debt

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2711	\$139,156	2.2%
Ohio Water Development Authority Loan #2712	\$292,988	3.5%
Ohio Water Development Authority Loan #4410	\$160,033	4.29%
Ohio Water Development Authority Loan #4676	\$632,235	4.12%
Ohio Water Development Authority Loan #4751	\$1,257,668	4.47%
Ohio Water Development Authority Loan #6027	\$1,798,877	1.5%
Ohio Public Works Commission Loan	\$180,000	0%
FFB - Revolving Line of Credit	125,000	varies
Total	<u>\$4,585,957</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.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Debt (Continued)

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.

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 Water Development Authority (OWDA) Loan #6027 relates to the water system improvements. The loan does not yet have an amortization schedule. The Village is to make payments from July 1, 2014 to January 1, 2044. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

In 2012, the Village entered into a revolving line of credit with First Financial Bank. The Village pays the interest that has accrued monthly on the loan and is required to pay the entire principal amount outstanding on October 2, 2013.

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
2013	\$35,751	\$29,513	\$5,439	\$20,614
2014	71,502	59,026	10,877	41,228
2015	35,751	59,026	10,877	41,228
2016		59,026	10,877	41,228
2017		59,026	10,877	41,228
2018-2022		59,026	54,385	206,140
2023-2027			54,385	206,140
2028-2032			54,385	206,140
2033-2037			43,508	206,140
Total	<u>\$143,004</u>	<u>\$324,643</u>	<u>\$255,610</u>	<u>\$1,010,086</u>

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Debt (Continued)

Year ending December 31:	OWDA Loan #4751	OPWC Loan #CT63J
2013	\$42,026	\$5,625
2014	84,051	11,250
2015	84,051	11,250
2016	84,051	11,250
2017	84,051	11,250
2018-2022	420,255	56,250
2023-2027	420,255	56,250
2028-2032	420,255	16,875
2033-2037	420,255	
2038	42,026	
Total	<u>\$2,101,276</u>	<u>\$180,000</u>

7. 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 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. Contingent Liabilities

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

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

10. 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.

This page intentionally left blank.



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Camden, Preble County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated September 5, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. During 2011 the Village of Camden adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 weaknesses 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 a 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 finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

Dave Yost
Auditor of State

Columbus, Ohio

September 5, 2013

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

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

FINDING NUMBER 2012-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacked management oversight in the posting of financial activity as illustrated by the following conditions:

Conditions related to posting receipt transactions

- The Village improperly posted homestead and rollback of \$27,742 to tax revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted manufactured home rollback of \$661 to tax revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted an estate tax settlement of \$643 to tax revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted General Local Government Intangible tax of \$227 to tax revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted public utility reimbursement of \$739 to charges for services revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted state grants totaling \$560 to miscellaneous revenue rather than intergovernmental revenue in 2011 in the General Fund.
- The Village improperly posted homestead and rollback of \$27,889 to tax revenue rather than intergovernmental revenue in 2012 in the General Fund. The Village also posted rollbacks at the net amount, excluding \$128 of intergovernmental revenue and general government expenses that should have been recognized.
- The Village improperly posted manufactured home rollback of \$733 to tax revenue rather than intergovernmental revenue in 2012 in the General Fund.
- The Village posted on-behalf OPWC grant receipts of \$205,399 to Special Revenue-State Grant and \$204,978 of corresponding expenditures to transportation in 2012. This also resulted in a Fund Balance adjustment of \$420. The Village also did not recognize an OPWC receipt of \$9,508 or the corresponding expenditure of that amount. The on-behalf OPWC grant receipt should have been posted to Capital Project Fund in the amount of \$214,907 and \$214,487 in corresponding expenditures should have been posted to capital outlay in 2012, resulting in the Capital Project Fund having a Fund Balance of \$420.

**FINDING NUMBER 2012-001
(Continued)**

Conditions related to posting debt transactions

- In 2011 OPWC loan payments totaling \$11,250 were paid out of Other Operating Disbursements instead of Redemption of Principal in the Water Operating Fund. In 2012 OPWC loan payments totaling \$11,250 were paid out of Interest and Other Fiscal Charges instead of Redemption of Principal in the Water Debt Service Fund.
- In 2011 OWDA loan proceeds totaling \$444,829 were posted to Miscellaneous Revenue instead of Loan Proceeds in the Sewer Debt Fund. Loan proceeds/Capital Outlay totaling \$7,111 were not posted to the system. In 2012 OWDA loan proceeds totaling \$64,507 were posted to Miscellaneous Revenue instead of Loan Proceeds in the Sewer Debt Fund. Loan Proceeds/Capital Outlay totaling \$1,282,428 were not posted to the system.
- In 2011 the Village erroneously posted expenditures totaling \$422,663 to Water Debt Service Interest and Other Fiscal Charges instead of \$219,511 to contractual services, \$131,468 to principal retirement, and \$71,684 to capital outlay. In 2012 the Village erroneously posted expenditures totaling \$139,122 to Water Debt Service Interest and Other Fiscal Charges instead of contractual services.
- In 2011 the Village posted the proceeds from a Promissory Note in the amount of \$142,000 to Miscellaneous Revenue instead of Loan Proceeds in the Water Debt Service Fund. In 2012 the Village posted the proceeds from a Promissory Note in the amount of \$125,000 to Miscellaneous Revenue instead of Loan Proceeds in the Sewer Operating Fund.
- In 2011 the Village posted Promissory Note payments to Contractual Services totaling \$5,355 and Other totaling \$8,032 instead of Redemption of Principal totaling \$10,531 and Interest and Other Fiscal Charges totaling \$2,856. In 2012 the Village posted the Promissory Note interest payment in the amount of \$590 to Contractual Services instead of Interest and Other Fiscal Charges.

The Village posted adjustments to the financial statements and ledgers, where appropriate, to correct these errors.

The lack of proper management oversight could result in material misstatement relating to financial data. To improve record keeping and accountability of expenditures, we recommend that all debt payments be properly posted. For guidance the Village should utilize the Village Officers' Handbook www.ohioauditor.gov under Publications.

Officials' Response:

Officials did not respond to the finding.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Lack of management oversight in posting financial activity	No	Not corrected – Reissued as Finding Number 2012-001
2010-02	Ohio Rev. Code Section 5705.36(A)(4) – estimated receipts exceeding actual receipts	Yes	

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF CAMDEN

PREBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 8, 2013**