



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CAMDEN
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Camden
Preble County
56 North Main Street
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, 1999 and 1998. 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 audits.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

The Village had insufficient documentation to support the ambulance billing receipts. We were unable to perform procedures to satisfy ourselves as to the proper processing of ambulance service billing receipts. Those receipts represent 34% and 22% of Special Revenue receipts for 1999 and 1998, respectively.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects of such adjustments, if any might have been determined to be necessary had we been able to examine evidence regarding ambulance service billing receipts of the Special Revenue Fund, the financial statements referred to in the first paragraph above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2000, 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 grants.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

October 4, 2000

**VILLAGE OF CAMDEN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH
 DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES -
 ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$45,992	\$26,460		\$72,452
Intergovernmental Receipts	109,918	88,487		198,405
Charges for Services	3,572	66,366		69,938
Fines, Licenses, and Permits	8,493			8,493
Earnings on Investments	17,467			17,467
Miscellaneous	10,018	15,618		25,636
	<u>195,460</u>	<u>196,931</u>	<u>0</u>	<u>392,391</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	101,607	12,368		113,975
Public Health Services		86,344		86,344
Leisure Time Activities		464		464
Transportation		129,549		129,549
General Government	61,850			61,850
Debt Service:				
Principal Payments		24,000		24,000
Interest Payments		595		595
Capital Outlay	5,000	15,138		20,138
	<u>168,457</u>	<u>268,458</u>	<u>0</u>	<u>436,915</u>
Total Receipts over/(under) Disbursements	<u>27,003</u>	<u>(71,527)</u>	<u>0</u>	<u>(44,524)</u>
Other Financing Receipts/(Disbursements):				
Other Financing Uses		(5,362)		(5,362)
Transfers-In		1,500		1,500
Advances-In		26,000		26,000
Transfers-Out	(1,500)			(1,500)
Advances-Out	(26,000)			(26,000)
	<u>(27,500)</u>	<u>22,138</u>	<u>0</u>	<u>(5,362)</u>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	(497)	(49,389)		(49,886)
Fund Cash Balances, January 1	<u>105,201</u>	<u>113,024</u>	<u>27</u>	<u>218,252</u>
Fund Cash Balances, December 31	<u>\$104,704</u>	<u>\$63,635</u>	<u>\$27</u>	<u>\$168,366</u>

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

**VILLAGE OF CAMDEN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH
 DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES -
 ALL ENTERPRISE FUNDS -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$426,436
Miscellaneous	10,860
	<u>437,296</u>
Operating Cash Disbursements:	
Personal Services	59,413
Fringe Benefits	28,574
Contractual Services	120,867
Supplies and Materials	45,885
Capital Outlay	429,236
	<u>683,975</u>
Operating Income/(Loss)	<u>(246,679)</u>
Non-Operating Cash Receipts:	
Proceeds OWDA Loan	399,096
	<u>399,096</u>
Non-Operating Cash Disbursements:	
Debt Service	170,853
	<u>170,853</u>
Excess of Receipts over/(under) Disbursements	(18,436)
Fund Cash Balances, January 1	404,138
	<u>404,138</u>
Fund Cash Balances, December 31	<u>\$385,702</u>

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

**VILLAGE OF CAMDEN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES -
 ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$48,466	\$40,581		\$89,047
Intergovernmental Receipts	132,367	77,738		210,105
Charges for Services	247	34,684		34,931
Fines, Licenses, and Permits	3,806			3,806
Earnings on Investments	16,705	600		17,305
Miscellaneous	20,072	1,709		21,781
	<u>221,663</u>	<u>155,312</u>		<u>376,975</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	58,367	13,841		72,208
Public Health Services		58,948		58,948
Leisure Time Activities		1,154		1,154
Transportation		62,231		62,231
General Government	61,341			61,341
Debt Service:				
Principal Payments	16,000			16,000
Interest Payments	594			594
Capital Outlay		7,849		7,849
	<u>136,302</u>	<u>144,023</u>		<u>280,325</u>
Total Receipts over/(under) Disbursements	<u>85,361</u>	<u>11,289</u>		<u>96,650</u>
Other Financing Receipts/(Disbursements):				
Sale of Notes		24,000		24,000
Advances-In		1,400		1,400
Transfers-Out	(3,361)			(3,361)
Advances-Out	(1,400)			(1,400)
	<u>(4,761)</u>	<u>25,400</u>		<u>20,639</u>
Excess of Cash Receipts and Other Financing Receipts over/(under) Cash Disbursements and Other Financing Disbursements	80,600	36,689		117,289
Adjusted Fund Cash Balances, January 1	<u>24,601</u>	<u>76,335</u>	<u>27</u>	<u>100,963</u>
Fund Cash Balances, December 31	<u>\$105,201</u>	<u>\$113,024</u>	<u>\$27</u>	<u>\$218,252</u>
Reserves for Encumbrances, December 31	<u>\$1,169</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,169</u>

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

**VILLAGE OF CAMDEN
 COMBINED STATEMENT OF CASH RECEIPTS, CASH
 DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES -
 ALL ENTERPRISE FUNDS -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$359,024
Miscellaneous	<u>4,776</u>
Total Operating Cash Receipts	<u>363,800</u>
Operating Cash Disbursements:	
Personal Services	62,922
Fringe Benefits	28,630
Contractual Services	122,659
Supplies and Materials	35,092
Capital Outlay	<u>728,829</u>
Total Operating Cash Disbursements	<u>978,132</u>
Operating Income/(Loss)	<u>(614,332)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	273,800
Proceeds OWDA Loan	<u>395,412</u>
Total Non-Operating Cash Receipts	<u>669,212</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>92,078</u>
Total Non-Operating Cash Disbursements	<u>92,078</u>
Excess of Receipts over/(under)Disbursements Before Interfund Transfers and Advances	(37,198)
Transfers-In	<u>3,361</u>
Net receipts over/(under) disbursements	(33,837)
Fund Cash Balances, January 1	<u>437,975</u>
Fund Cash Balances, December 31	<u><u>\$404,138</u></u>

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

**VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Camden, Preble County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposits are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Ambulance Fund - This fund receives local tax money collected by the County Auditor for an ambulance levy as well as charges for services. Expenditures are for the safety of Village residents.

VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Refuse Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Enterprise Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a sewer line extension.

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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 277,149	\$404,861
Certificates of deposit	<u>276,919</u>	<u>217,529</u>
Total deposits	<u>\$554,068</u>	<u>\$622,390</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 198,894	\$ 195,460	\$ (3,434)
Special Revenue	242,617	198,431	(44,186)
Capital Projects	0	0	0
Enterprise	<u>1,041,491</u>	<u>836,392</u>	<u>(205,099)</u>
Total	<u>\$ 1,483,002</u>	<u>\$ 1,230,283</u>	<u>\$ (252,719)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 238,223	\$ 169,957	\$ 68,266
Special Revenue	310,396	273,820	36,576
Capital Projects	0	0	0
Enterprise	<u>1,358,574</u>	<u>854,828</u>	<u>503,746</u>
Total	<u>\$ 1,907,193</u>	<u>\$ 1,298,605</u>	<u>\$ 608,588</u>

VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 128,460	\$ 221,663	\$ 93,203
Special Revenue	164,046	179,312	15,266
Capital Projects	0	0	0
Enterprise	956,140	1,036,373	80,233
Total	<u>\$ 1,248,646</u>	<u>\$ 1,437,348</u>	<u>\$ 188,702</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 154,881	\$ 140,832	\$ 14,049
Special Revenue	238,247	144,023	94,224
Capital Projects	0	0	0
Enterprise	1,124,689	1,070,210	54,479
Total	<u>\$ 1,517,817</u>	<u>\$ 1,355,065</u>	<u>\$ 162,752</u>

4. PROPERTY TAX

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

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, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 1977	\$ 7,997	6.25%
Ohio Water Development Authority Loan 1994	909,311	2.20%
Ohio Water Development Authority Loan 98-99	730,777	3.50%
Total	<u>\$ 1,648,085</u>	

VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan 1977 relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved \$113,554 in loans to the Village for this project. The loan is to be repaid in semi-annual installments of \$4,236, including interest, over a total of 23 years (the first payment was paid in January of 1978).

The OWDA 1994 loan relates to wastewater treatment plant improvements that were mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$1,164,459 in loans to the Village for this project. The loan is to be repaid in semi-annual installments of \$35,751, including interest, over a total of 20 years (the first payment was paid in July of 1995).

The OWDA 1998 loan relates to the North Area Sanitary Sewer Line extension. The OWDA approved up to \$848,454 for the project of which the Village had received \$776,053 as of December 31, 1999. An amortization table for this loan will not be completed until the Village has drawn all funds. However, the Village has started to repay the loan in semi-annual installments of \$29,684, including interest (the first payment was paid in January of 1999).

Amortization of the 1977 and 1994 OWDA loans, including interest, is scheduled as follows:

Year ending December 31:	OWDA Loan - 1977	OWDA Loan - 1994
2000	\$ 8,471	\$ 35,751
2001		71,502
2002		71,502
2003		71,502
2004		71,502
Subsequent		<u>750,772</u>
Total	<u>\$ 8,471</u>	<u>\$ 1,072,531</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

VILLAGE OF CAMDEN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

8. RELATED PARTY TRANSACTIONS

The Village's Mayor is the owner of a company, Wood Propane, from which the Village acquired services during the audit period. The Village paid \$2,077 for services in 1999 and \$2,468 in 1998.

9. CONTINGENT LIABILITIES

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

10. ADJUSTMENT OF PRIOR YEAR FUND CASH BALANCES

The beginning fund cash balances for 1998 were adjusted due to removing the Mayor's Court account from the financials since it is no longer in operation and adding the capital projects to the prior period.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Camden
Preble County
56 North Main Street
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, 1999 and 1998, and have issued our report thereon dated October 4, 2000, in which we noted that the Village had insufficient documentation to support the ambulance billing receipts of the Special Revenue Fund type. Except as previously noted, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30368-001, 1999-30368-002 and 1999-30368-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 4, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-30368-001 through 1999-30368-004.

Village of Camden
Preble County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 1999-30368-001 through 1999-30368-004 to be material weaknesses.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the Village in a separate letter dated October 4, 2000.

This report is intended for the information and use of management, the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

October 4, 2000

**VILLAGE OF CAMDEN
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30368-001

**Material Noncompliance and Internal Control Material Weakness - Ohio Water Development Authority
Loan Receipts and Expenditures**

The Village's loan agreement number CS390997-03 dated February 12, 1998, with the Ohio Water Development Authority (OWDA) Section 3.3 states "The borrower shall keep accurate records of the eligible project costs. These records must be kept in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*".

Contrary to the aforementioned, the Village failed to record loan proceeds and related expenditures of \$264,208 in 1998 and \$367,846 in 1999.

Not including the loan proceeds and related expenditures on the Village's financial statements resulted in inaccurate annual financial reports.

We recommend Village personnel account for all loan proceeds and related expenditures and also that Village management monitor all debt transactions as a regular part of their duties as the oversight and regulatory body of the Village. The accompanying financial statements have been adjusted accordingly.

FINDING NUMBER 1999-30368-002

Material Noncompliance and Internal Control Material Weakness - Receipts and Expenditures

Section 733.28, Revised Code, requires the village clerk to keep the books of the village, exhibit accurate statements of all moneys received and expended, and maintain records of all the property owned by the village and the income derived.

Accurate records were not maintained for all moneys received and expended as described below:

- Receipts and expenditures were booked out of sequence.
- Some revenues and disbursements were booked months after they were received or expended.
- Some receipts were deposited and not recorded while other receipts were recorded and not deposited.
- Some disbursements were not recorded on the books.

These conditions exhibit a lack of control over the recording and reporting of Village financial activity and did result in inaccurate and untimely accounting records.

We recommend all entries should be posted in the cash journal in chronological order. In addition, management, in the form of the Village Council, should monitor the Village books to make sure that proper entries have been recorded on a timely basis.

Improper and untimely posting of receipts and disbursements can lead to loss of revenue and errors or thefts going unnoticed.

**VILLAGE OF CAMDEN
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-30368-002 (Continued)

Timely posting and proper monitoring by management will add a substantial measure of control to the receipting process, as well as provide assurance that the activity is properly handled and fairly presented on the Village's ledgers and financial reports.

FINDING NUMBER 1999-30368-003

Internal Control Material Weakness - Ambulance Billings

The Village has delegated its ambulance billing insurance claims collection processing, which is a significant accounting function, to a third-party administrator. The Village did not keep any records pertaining to collection of ambulance billings, especially the insurance claims, which are the main source of revenue for ambulance billings. The Village has not established procedures to reasonably determine that ambulance billing insurance claims have been completely and accurately accounted for and collected.

We recommend the Village implement procedures to reasonably assure the completeness and accuracy of insurance claims processed by their third-party administrator. Statement of Auditing Standards No. 70 (SAS 70) as amended by SAS No. 89, prescribes testing and reporting standards for audits of claims processing controls which should satisfy this requirement. As described in this statement, we suggest that the Village obtain a "Report of Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the third party administrator. Such a report, if unqualified, would provide evidence to the Village's management that insurance claims were being fully collected and remitted to the Village.

We further recommend, with or without a SAS 70 report as described above, that the Village put into place internal control measures to monitor the collection process. This includes, but is not limited to, a ledger that tracks the billings that are sent to the third party administrator, the collections that are returned and investigations of those billings that are not remitted.

FINDING NUMBER 1999-30368-004

Internal Control Material Weakness - Cash Reconciliations

The Village has not accurately reconciled its bank accounts/fund balances for the audit period. For example the Village has a grant bank account, a Mayors' bank account and law enforcement bank account that are not included on the Village records. Adjustments have been made to the financial statements to reflect these accounts.

Accurate reconciliations are a basic and essential internal control component for sound fiscal management. Village officials rely on accurate reconciliations when making financial decisions and not having them could put the Village's financial health at risk.

Accordingly, we recommend the Village establish written procedures for cash reconciliations. These procedures should address (but not be limited to) how to handle unrecorded interest, to review bank statements for service charges and to make sure the outstanding checklist is accurate. Also, a Village official should review the monthly reconciliations and initial them to indicate his/her approval.

**VILLAGE OF CAMDEN
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-30368-005

Finding for Recovery

Receipts collected by the Village for various reasons totaled \$2,515.19 more than deposits made to the Village's bank, First National Bank of Southwestern Ohio. Ohio Rev. Code, Section 9.39, states all "public officials are liable for all public money received or collected by them or by their subordinates under color of office." Bank deposits could not be located that correspond with the following receipts:

Receipt #	Date	Source	Reason	Amount	Received in by:
90-99	2/27/99	Edgar Ross	Sewer Tap Fees	\$430.00	Pat Hensley
208-99	4/28/99	Donation	Donation	\$1,504.63	Pat Hensley
337-99	7/29/99	Maxine Flowers	Sewer Tap Fee	\$430.00	Pat Boggs
424-99	8/31/99	BPA	Water Tokens	\$150.56	Pat Boggs

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Pat Neil (formerly Pat Boggs, formerly Pat Hensley), Former Village Clerk, and Western Surety Company, her bonding company, jointly and severally, in the amount of two thousand five hundred fifteen dollars and nineteen cents (\$2,515.19).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
NOVEMBER 14, 2000