



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.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 18, 2007

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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, 2006 and 2005. 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position or cash flows of its proprietary funds 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, Ohio, as of December 31, 2006 and 2005, 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 September 18, 2007, 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

September 18, 2007



**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, 2006**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$180,994	\$11,418	\$192,412
Intergovernmental	135,871	241,420	377,291
Charges for Services	175		175
Fines, Licenses and Permits	14,806		14,806
Earnings on Investments	8,291	913	9,204
Miscellaneous	9,279	389	9,668
Total Cash Receipts	349,416	254,140	603,556
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	183,036		183,036
Basic Utility Service	8,085	1,722	9,807
Transportation		85,930	85,930
General Government	76,446		76,446
Capital Outlay	40,000	184,118	224,118
Total Cash Disbursements	307,567	271,770	579,337
Total Receipts Over/(Under) Disbursements	41,849	(17,630)	24,219
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	7,554		7,554
Transfers-Out	(2,597)	(7,554)	(10,151)
Other Financing Uses	(1,158)		(1,158)
Total Other Financing Receipts / (Disbursements)	3,799	(7,554)	(3,755)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	45,648	(25,184)	20,464
Fund Cash Balances, January 1	144,581	123,686	268,267
<b>Fund Cash Balances, December 31</b>	<b>\$190,229</b>	<b>\$98,502</b>	<b>\$288,731</b>
Reserve for Encumbrances, December 31	\$2,808	\$761	\$3,569

*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, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$368,874	\$0	\$368,874
Fines, Licenses and Permits	\$712		712
Miscellaneous	1,453		1,453
Total Operating Cash Receipts	<u>371,039</u>	<u>0</u>	<u>371,039</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	38,588		38,588
Employee Fringe Benefits	14,157		14,157
Contractual Services	280,777		280,777
Supplies and Materials	24,170		24,170
Other	881		881
Total Operating Cash Disbursements	<u>358,573</u>	<u>0</u>	<u>358,573</u>
Operating Income	<u>12,466</u>	<u>0</u>	<u>12,466</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental	5,387		5,387
Special Assessments	216,000		216,000
Other Debt Proceeds	231,111		231,111
Other Non-Operating Cash Receipts		15,675	15,675
Total Non-Operating Cash Receipts	<u>452,498</u>	<u>15,675</u>	<u>468,173</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	201,109		201,109
Redemption of Principal	122,102		122,102
Interest and Other Fiscal Charges	37,081		37,081
Other Non-Operating Cash Disbursements		14,874	14,874
Total Non-Operating Cash Disbursements	<u>360,292</u>	<u>14,874</u>	<u>375,166</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	104,672	801	105,473
Transfers-In	<u>2,597</u>		<u>2,597</u>
Net Receipts Over Disbursements	107,269	801	108,070
Fund Cash Balances, January 1	<u>501,746</u>	<u>1,161</u>	<u>502,907</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$609,015</u></b>	<b><u>\$1,962</u></b>	<b><u>\$610,977</u></b>
Reserve for Encumbrances, December 31	<u>\$1,173</u>	<u>\$0</u>	<u>\$1,173</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, 2005**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$164,782	\$13,121	\$177,903
Intergovernmental	96,830	164,267	261,097
Charges for Services	2,142		2,142
Fines, Licenses and Permits	14,222		14,222
Earnings on Investments	5,500	613	6,113
Miscellaneous	9,682	403	10,085
Total Cash Receipts	293,158	178,404	471,562
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	189,112	24,818	213,930
Basic Utility Service	7,608	1,348	8,956
Transportation		94,726	94,726
General Government	83,374		83,374
Capital Outlay		2,540	2,540
Total Cash Disbursements	280,094	123,432	403,526
Total Receipts Over Disbursements	13,064	54,972	68,036
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In	66		66
Transfers-Out	(1,093)	(66)	(1,159)
Advances-In		5,000	5,000
Advances-Out	(5,000)		(5,000)
Total Other Financing Receipts / (Disbursements)	(6,027)	4,934	(1,093)
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	7,037	59,906	66,943
Fund Cash Balances, January 1	137,544	63,780	201,324
<b>Fund Cash Balances, December 31</b>	<b>\$144,581</b>	<b>\$123,686</b>	<b>\$268,267</b>

*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, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$400,446	\$0	\$400,446
Fines, Licenses and Permits	\$1,543		1,543
Miscellaneous	175		175
	<u>402,164</u>	<u>0</u>	<u>402,164</u>
<b>Total Operating Cash Receipts</b>	<b>402,164</b>	<b>0</b>	<b>402,164</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	38,133		38,133
Employee Fringe Benefits	12,744		12,744
Contractual Services	296,943		296,943
Supplies and Materials	12,705		12,705
Other	748		748
	<u>361,273</u>	<u>0</u>	<u>361,273</u>
<b>Total Operating Cash Disbursements</b>	<b>361,273</b>	<b>0</b>	<b>361,273</b>
Operating Income	<u>40,891</u>	<u>0</u>	<u>40,891</u>
<b>Non-Operating Cash Receipts:</b>			
Special Assessments	164,735		164,735
Other Debt Proceeds	73,823		73,823
Other Non-Operating Cash Receipts		17,017	17,017
	<u>238,558</u>	<u>17,017</u>	<u>255,575</u>
<b>Total Non-Operating Cash Receipts</b>	<b>238,558</b>	<b>17,017</b>	<b>255,575</b>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	2,475		2,475
Redemption of Principal	95,040		95,040
Interest and Other Fiscal Charges	35,488		35,488
Other Non-Operating Cash Disbursements		15,856	15,856
	<u>133,003</u>	<u>15,856</u>	<u>148,859</u>
<b>Total Non-Operating Cash Disbursements</b>	<b>133,003</b>	<b>15,856</b>	<b>148,859</b>
Excess of Receipts Over Disbursements Before Interfund Transfers	146,446	1,161	147,607
Transfers-In	<u>1,092</u>		<u>1,092</u>
Net Receipts Over Disbursements	147,538	1,161	148,699
Fund Cash Balances, January 1	<u>354,208</u>	<u>0</u>	<u>354,208</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$501,746</u></b>	<b><u>\$1,161</u></b>	<b><u>\$502,907</u></b>
Reserve for Encumbrances, December 31	<u>\$27,776</u>	<u>\$0</u>	<u>\$27,776</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, 2006 AND 2005**

**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 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 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 Funds:

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

COPS School Grant Fund – This fund receives a grant to provide a Resource Officer for the Preble Shawnee School District. This grant was completed in 2005.

**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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 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.

**4. 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.

**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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2006 and 2005 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 deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and deposits at December 31 was as follows:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$793,509	\$667,832
Certificates of deposit	106,199	103,342
Total deposits	<u>\$899,708</u>	<u>\$771,174</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, 2006 AND 2005  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$302,954	\$356,970	\$54,016
Special Revenue	119,000	254,140	135,140
Enterprise	628,600	826,134	197,534
Total	\$1,050,554	\$1,437,244	\$386,690

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$439,000	\$314,130	\$124,870
Special Revenue	226,650	280,085	(53,435)
Enterprise	806,376	720,038	86,338
Total	\$1,472,026	\$1,314,253	\$157,773

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$290,000	\$293,224	\$3,224
Special Revenue	143,465	178,404	34,939
Enterprise	590,960	641,814	50,854
Total	\$1,024,425	\$1,113,442	\$89,017

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$422,156	\$281,187	\$140,969
Special Revenue	149,982	123,498	26,484
Enterprise	516,222	522,052	(5,830)
Total	\$1,088,360	\$926,737	\$161,623

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the SCMR, COPS, and Water funds by \$61,097, \$7,554, and \$57,821, respectively, for the year ended December 31, 2006, and in the FEMA and Water funds by \$8,661 and \$49,971, respectively, for the year ended December 31, 2005.



**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2711	\$521,887	2.20%
Ohio Water Development Authority Loan #2712	554,878	3.50%
Ohio Water Development Authority Loan #4087	52,000	5.10%
Ohio Water Development Authority Loan #4302	52,464	4.99%
Ohio Water Development Authority Loan #4410	179,751	4.29%
Ohio Water Development Authority Loan #4485	8,350	4.92%
Total	<u>\$1,369,330</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 #4087 relates to the design of an elevated storage tank. The loan will be repaid in a balloon payment of \$57,119 including interest on 7/1/09. 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 #4302 relates to the design of the US 127/Main Street water line loop. The loan will be repaid in a balloon payment of \$55,109 including interest on 7/1/10. 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, 2006 AND 2005  
(Continued)**

**5. Debt (Continued)**

The Ohio Water Development Authority (OWDA) Loan #4410 relates to the water system improvements. The loan will be repaid in semiannual installments of \$5,814 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 #4485 relates to the design of a booster pump station. The loan will be repaid in semiannual installments of \$1,518 including interest over 5 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 #4087	OWDA Loan #4302	OWDA Loan #4410	OWDA Loan #4485
2007	\$71,502	\$59,026			\$11,627	\$1,518
2008	71,502	59,026			11,627	3,035
2009	71,502	59,026	57,119		11,627	3,035
2010	71,502	59,026		55,109	11,627	3,035
2011	71,502	59,026			11,627	3,035
2012 – 2016	250,257	295,128			58,136	1,481
2017 – 2021	0	118,051			58,136	
2022 – 2026	0	0			58,136	
2027 – 2031	0	0			58,136	
2032 – 2036	0	0			58,014	
Total	<u>\$607,767</u>	<u>\$708,309</u>	<u>\$57,119</u>	<u>\$55,109</u>	<u>\$348,693</u>	<u>\$15,139</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 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**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.

**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**8. 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.

**9. 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.

**10. Subsequent Events**

The Village is currently working on the water storage tank project, financed through the Ohio Water Development Authority (OWDA). The expected amount of the loan is \$813,341.

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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, 2006 and 2005, and have issued our report thereon dated September 18, 2007 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-003.

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. However, of the significant deficiencies described above, we believe finding number 2006-002 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 September 18, 2007.

### **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 2006-001 and 2006-003.

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 September 18, 2007.

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

September 18, 2007

**VILLAGE OF CAMDEN  
PREBLE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Significant Deficiency / Noncompliance Citation**

**Ohio Revised Code, § 5705.41(D)(1)**, prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of 40 expenditures (20 in each year) tested, 3 (15%) were not properly certified in 2005. Of 4 individually significant expenditures (2 in each year) tested, one was not properly certified in 2005. There was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2006-001  
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2006-002**

**Significant Deficiency - Material Weakness / Noncompliance Citation**

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 OWDA & OPWC monies, FEMA monies, Mayor's Court activity, proper posting of interest, proper posting of a transfer related to the completion of a grant, proper voiding of checks, proper posting of gasoline tax, and proper posting of money set aside for OWDA loans. This lack of oversight is illustrated by the following:

- Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) made payments to vendors on behalf of the Village for the valve replacement project and the Barnets Mill project, respectively. However, these payments were not posted to the Village's annual financial report in the amounts of \$118,762 and \$114,863 (2006) (see Auditor of State Bulletin 2000-008 for additional guidance for on-behalf grants);
- Ohio Public Works Commission (OPWC) made a payment to a vendor on behalf of the Village for the Barnets Mill project in the amount of \$2,540 (2005). However, this payment was not posted to the Village's annual financial report (see Auditor of State Bulletin 2000-008 for additional guidance for on-behalf grants);
- 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 in the amounts of \$21,641 and \$5,387 (2006) (see Auditor of State Bulletin 2000-008 for additional guidance for on-behalf grants);
- OWDA monies were received in direct relation to the various loans the Village received. However, these receipts were posted to the Intergovernmental or Miscellaneous line item rather than the Loan Proceeds line item in the amounts of \$62,785 and \$30,740 (2006) and \$73,423 (2005);
- The Village received FEMA monies and posted the activity (receipts and disbursements) to both the FEMA Fund and the SCMR Fund, rather than just the FEMA Fund in the amount of \$8,661 (2005);



**FINDING NUMBER 2006-002  
(Continued)**

- The Village began a Mayor's Court in 2005. The Mayor's Court activity was not recorded on the annual financial report as an Agency Fund;
- The Village posted interest in the amounts of \$260 (2006) and \$132 (2005) to the Sewer Replacement Fund, a fund in which interest is not allowed to be posted. It should have been posted to the General Fund, an allowable fund (see Ohio Revised Code § 135.21 for additional guidance);
- The Village posted some gasoline tax revenue to the SCMR Fund rather than the State Highway Fund, in the amount of \$356 (2005);
- The Village increased water bills to pay for OWDA debt. The amount received in 2005 of \$20,700 was posted to the Water Fund rather than the Water Debt Service Fund.

Audit adjustments were made to the accompanying financial statements for the above items.

The lack of proper management oversight could result in material misstatements, overpayments, or unauthorized payments. To improve recordkeeping and accountability of Village financial activity:

We recommend that the Village use due care in posting financial activity to the Village's books.

**FINDING NUMBER 2006-003**

**Significant Deficiency / Noncompliance Citation**

**Ohio Revised Code, § 5705.41(B)**, states no taxing authority shall make any expenditure of money unless it has been appropriated as provided in Chapter 5705. In 2006 expenditures plus outstanding encumbrances exceeded appropriations in the SCMR Fund by \$61,097; in the COPS Fund by \$7,554; and in the Water Fund by \$57,821. In 2005 expenditures plus outstanding encumbrances exceeded appropriations in the FEMA Fund by \$8,661 and in the Water Fund by \$49,971. Most of these variances were due to audit adjustments. Failure to properly monitor 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 and recorded in the ledgers. No expenditures should be made unless there are sufficient appropriations to cover the expenditures.

**Officials' Response:**

We did not receive a response from officials to this finding.

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**VILLAGE OF CAMDEN  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Revised Code Section 5705.41(D), failure to certify funds	No	Partially Corrected – Reissued as Finding 2006-001





**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  
OCTOBER 4, 2007**