



**VILLAGE OF CAMDEN
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

VILLAGE OF CAMDEN
PREBLE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Funds - For the Year Ended December 31, 2003.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	17

This page intentionally left blank.



Auditor of State Betty Montgomery

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 year ended December 31, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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.

The Village's financial transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandates the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Camden, Preble County, as of December 31, 2003, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2004, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 27, 2004

**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, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$181,735			\$181,735
Intergovernmental Receipts	96,443	\$135,430	\$22,094	253,967
Charges for Services	593			593
Fines, Licenses, and Permits	17,144			17,144
Earnings on Investments	3,466	9		3,475
Miscellaneous	2,377	3,492		5,869
	<u>301,758</u>	<u>138,931</u>	<u>22,094</u>	<u>462,783</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	168,945	25,158		194,103
Basic Utility Services	5,149	1,720		6,869
Transportation		113,287		113,287
General Government	68,170			68,170
Capital Outlay	14,746		22,094	36,840
	<u>257,010</u>	<u>140,165</u>	<u>22,094</u>	<u>419,269</u>
Total Receipts Over/(Under) Disbursements	<u>44,748</u>	<u>(1,234)</u>	<u>0</u>	<u>43,514</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		17,625		17,625
Advances-In	1,600	4,926		6,526
Transfers-Out	(31,625)			(31,625)
Advances-Out	(10,723)	(1,600)		(12,323)
	<u>(40,748)</u>	<u>20,951</u>	<u>0</u>	<u>(19,797)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	4,000	19,717	0	23,717
Fund Cash Balances, January 1	<u>31,346</u>	<u>11,112</u>		<u>42,458</u>
Fund Cash Balances, December 31	<u>\$35,346</u>	<u>\$30,829</u>	<u>\$0</u>	<u>\$66,175</u>
Reserves for Encumbrances, December 31	<u>\$1,669</u>	<u>\$679</u>	<u>\$0</u>	<u>\$2,348</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 - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

Operating Cash Receipts:	
Charges for Services	\$495,102
Fines	492
Miscellaneous	<u>658</u>
Total Operating Cash Receipts	<u>496,252</u>
Operating Cash Disbursements:	
Personal Services	67,411
Fringe Benefits	20,402
Contractual Services	202,185
Supplies and Materials	24,065
Other	5,800
Capital Outlay	<u>6,722</u>
Total Operating Cash Disbursements	<u>326,585</u>
Operating Income/(Loss)	<u>169,667</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>130,870</u>
Total Non-Operating Cash Disbursements	<u>130,870</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	38,797
Transfers-In	14,000
Advances-In	<u>5,797</u>
Net Receipts Over/(Under) Disbursements	58,594
Fund Cash Balances, January 1	<u>212,404</u>
Fund Cash Balances, December 31	<u><u>\$270,998</u></u>
Reserves for Encumbrances, December 31	<u><u>\$1,202</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, 2003**

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 water and sewer utilities, park operations, 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 Deposits

Certificates of deposit 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 Fund

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.

Permissive Motor Vehicle License 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, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following Capital Project Fund:

Grant Construction Fund - This fund was used to account for street improvement monies spent by Preble County on the Village's behalf for the County's Community Development Block Grant Program.

4. 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 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, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances, with the exception of payroll withholdings, outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. However, there were no material unrecorded encumbrances at December 31, 2003.

A summary of 2003 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003
Demand deposits	\$236,209
Certificates of deposit	100,964
Total deposits	\$337,173

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, 2003, follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$285,493	\$301,758	\$16,265
Special Revenue	151,716	156,556	4,840
Capital Projects	0	22,094	22,094
Enterprise	431,608	510,252	78,644
Total	\$868,817	\$990,660	\$121,843

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$262,049	\$290,304	(\$28,255)
Special Revenue	204,377	140,844	63,533
Capital Projects	0	22,094	(22,094)
Enterprise	480,417	458,657	21,760
Total	\$946,843	\$911,899	\$34,944

Contrary to Ohio law, grant funds of \$22,094 paid on behalf of the Village, through the Preble County Community Development Block Grant (CDBG) program, were not recorded or appropriated.

Contrary to Ohio law, expenditures plus encumbrances exceeds appropriations in the General [\$28,255], Permissive Motor Vehicle [\$1,816], Ambulance [\$662], Police [\$330], CDBG [\$22,094], and Sewer Operating [\$11,452] funds.

Contrary to Ohio law, appropriations exceeded estimated resources in the Street Construction, Maintenance, and Repair Fund by \$52,097.

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 payments, 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, 2003 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 1994	\$695,215	2.20%
Ohio Water Development Authority Loan 1998	665,714	3.50%
Total	\$1,360,929	

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) 1994 loan 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) 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 \$843,559 as of December 31, 2003. An amortization schedule 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 \$28,978, including interest (the first payment was paid in January 1999). 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 (the schedule excludes the 1998 OWDA loan, for which an amortization schedule is not available):

	OWDA Loan 1994
Year ending December 31:	
2004	\$71,502
2005	71,502
2006	71,502
2007	71,502
2008	71,502
2009 – 2013	357,510
2014 – 2015	107,260
Total	\$822,280

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. CONTINGENT LIABILITIES

The Village was a defendant in a lawsuit with Jered Corporation. The parties settled the lawsuit with an Agreed Order and Entry of Settlement filed on September 13, 2002. The Village has assumed responsibility for installing all water meters for every lot within the Quail Creek mobile home park. The Village is working with Kramer & Associates to design the project and to seek bids. The cost of the project will not be known until that process is completed. The Village is responsible for and must indemnify Jered Corporation for any damages to persons or property that it may cause in the discharge of its obligations.

9. 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 \$5,259 for services in 2003.

10. JOINTLY GOVERNED ORGANIZATION

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 (the Village) January 7, 2002 and by Somers Township (the 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.



Auditor of State Betty Montgomery

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

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

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 year ended December 31, 2003, and have issued our report thereon dated May 27, 2004 wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of 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 *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 2003-001 through 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 27, 2004.

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 2003-001 through 2003-005.

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 material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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 May 27, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 27, 2004

VILLAGE OF CAMDEN
PREBLE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003

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

FINDING NUMBER 2003-001

Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 [\$3,000 as of 4/7/03], the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Council, if such expenditure is otherwise valid.

The Village did not properly certify the availability of funds for purchase commitments for 22% of expenditures tested and neither of the exceptions above were used. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying the availability funds on properly approved purchase orders. We recommend the Village obtain approved purchase orders, which contain the Clerk's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2003-002

Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.09(F), requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Village's appropriations. As further discussed in Auditor of State Bulletin 2000-008, the Clerk shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to Village of Camden recording the appropriations, Ohio Rev. Code, Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure.

**FINDING NUMBER 2003-002
 (Continued)**

The Clerk did not record the Community Development Block Grant monies disbursed on behalf of the Village, nor was the grant money included in the appropriations by the Village Council for fiscal year 2003. The accompanying financial statements have been adjusted to reflect receipts and disbursements of \$23,094 for the year ended December 31, 2003. We recommend the Village follow the accounting treatment as prescribed in Auditor of State Bulletin 2000-008 for on-behalf grants.

FINDING NUMBER 2003-003

Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(B), states no taxing authority shall make any expenditures of money unless it has been appropriated. At December 31, 2003, expenditures plus encumbrances exceeded total appropriations in the following funds:

Fund	Exceeded By	Appropriation	Expenditure
General	\$28,255	\$262,049	\$290,304
Permissive Motor Vehicle	1,816	12,988	14,804
Ambulance	662	0	662
Police	330	0	330
CDBG	22,094	0	22,094
Sewer Operating	11,452	110,516	121,968

Expenditures exceeding appropriations could result in negative cash balances in individual funds and line items. We recommend that Village Council review budgetary compliance on a monthly basis and make amendments as required.

FINDING NUMBER 2003-004

Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.39, states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. While we noted the certificate that total appropriations from each fund do not exceed the total official estimate was filed by the County Auditor, we noted appropriations exceeded estimated resources in the Street Construction, Maintenance, and Repair Fund by \$52,098. Estimated resources were \$104,464 and appropriations were \$156,562

FINDING NUMBER 2003-005

Reportable Condition

The Village did not adequately control the payroll operations of the Village. We noted the following errors and control deficiencies:

- Several payroll checks were not properly calculated. In some instances employees were overpaid and in some instances they were underpaid. The actual error was immaterial.
- School district income tax withholdings were calculated inconsistently. In some instances, the Village withheld the amount from the employee's gross pay. In other instances, the amount was withheld calculated on the gross pay less the retirement deduction or we were unable to determine the way the tax was calculated. These differences were immaterial.
- An employee was overpaid for eight hours of vacation upon her resignation. The employee was entitled to 62.7 hours of vacation pay, but was paid for 70.7 hours, resulting in an overpayment of \$66.56

These errors could result in material misstatement of the financial statements, noncompliance with laws and regulations, the misappropriation of Village monies and future claims against the Village. We recommend that:

- The Village should properly calculate all payroll checks and withholdings. All payroll checks should agree to an approved salary rate and time cards. Any adjustments should have supporting documentation.
- Leave payouts should be properly calculated. The hours paid should agree to the leave records and the rate should be at the employee's current rate. All hours an employee receives payment for should be deducted from the leave system.

This page intentionally left blank.

**VILLAGE OF CAMDEN
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Revised Code section 5705.41.(D), failure to properly certify funds	No	Partially corrected – Reissued as Finding 2003-001
2002-002	Revised Code section 9.38, failure to deposit within 24 hours	No	Partially corrected – Reissued as management letter citation.
2002-003	Revised Code section 5705.09(F) CDBG	No	Not corrected - Reissued as Finding 2003-002
2002-004	Lack of management oversight	Yes	
2002-005	Deficiencies related to Village utility operations	Yes	
2002-006	Accurate cash reconciliations	No	Partially corrected - reissued as management letter recommendation
2002-007	Payroll errors and control deficiencies	No	Partially corrected – reissued as Finding 2003-005
2002-008	Finding for recovery/Jodie Speesen, former clerk	No	Finding was not repaid. The Village is working with the bonding company. Referred to the Attorney General
2002-009	Finding for recovery/Anthony Combs, /Jodie Speesen, former clerk/Western Surety Company	No	Finding was not repaid. The Village is working with the bonding company. Referred to the Attorney General



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 5, 2004**