

**VILLAGE OF HAMDEN
VINTON COUNTY
Single Audit
December 31, 2007
Regular Audit
December 31, 2006**



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Hamden
P.O. Box 355
Hamden, OH 45634-0355

We have reviewed the *Independent Accountants' Report* of the Village of Hamden, Vinton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 to December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hamden is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 12, 2008

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**VILLAGE OF HAMDEN
VINTON COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

October 29, 2008

Village of Hamden
Vinton County
P.O. Box 355
Hamden, Ohio 45634

To the Village Council:

We have audited the accompanying financial statements of the **Village of Hamden, Vinton County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006. 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. 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. 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, 2007 and 2006 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, 2007 and 2006 or their changes in financial position or cash flows, for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Hamden, Vinton County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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.

We conducted our audit to opine on the financial statements that collectively comprise the Village's basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2008 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF HAMDEN
VINTON COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 10,867	\$ 22,687	\$ -	\$ 33,554
Intergovernmental	33,835	60,461	1,184,162	1,278,458
Charges for Services	-	7,650	-	7,650
Fines, Licenses, and Permits	400	-	-	400
Earnings on Investments	968	256	254	1,478
Miscellaneous	37,790	210	-	38,000
	<u>83,860</u>	<u>91,264</u>	<u>1,184,416</u>	<u>1,359,540</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	17,827	25,888	-	43,715
Transportation	-	36,825	-	36,825
General Government	60,543	-	-	60,543
Debt Service:				
Redemption of Principal	4,789	-	-	4,789
Interest and Fiscal Charges	461	-	-	461
Capital Outlay	-	27,611	3,312,710	3,340,321
	<u>83,620</u>	<u>90,324</u>	<u>3,312,710</u>	<u>3,486,654</u>
Total Cash Receipts Over/(Under) Disbursements	<u>240</u>	<u>940</u>	<u>(2,128,294)</u>	<u>(2,127,114)</u>
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Public Debt:				
Note Proceeds	-	-	2,291,704	2,291,704
Sale of Fixed Assets	-	211	-	211
Advances-In	4,000	-	-	4,000
Advances-Out	(4,000)	-	-	(4,000)
	<u>-</u>	<u>211</u>	<u>2,291,704</u>	<u>2,291,915</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	240	1,151	163,410	164,801
Fund Cash Balances, January 1	<u>149,511</u>	<u>47,764</u>	<u>61,162</u>	<u>258,437</u>
Fund Cash Balances, December 31	<u>\$ 149,751</u>	<u>\$ 48,915</u>	<u>\$ 224,572</u>	<u>\$ 423,238</u>

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

**VILLAGE OF HAMDEN
VINTON COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 308,192
Total Operating Revenues	308,192
Operating Cash Disbursements:	
Personal Services	30,415
Fringe Benefits	9,100
Contractual Services	167,441
Supplies and Materials	34,829
Other	454
Total Operating Cash Disbursements	242,239
Operating Income (Loss)	65,953
Non-Operating Cash Receipts:	
Intergovernmental	21,800
Sale of Fixed Assets	140
Total Non-Operating Cash Receipts	21,940
Non-Operating Cash Disbursements:	
Capital Outlay	26,827
Debt Service:	
Redemption of Principal	4,789
Interest and Fiscal Charges	461
Total Non-operating Disbursements	32,077
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers/Advances	55,816
Advance-In	4,000
Advance-Out	(4,000)
Net Receipts Over/(Under) Cash Disbursements	55,816
Fund Cash Balances, January 1	51,945
Fund Cash Balances, December 31	\$ 107,761

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

**VILLAGE OF HAMDEN
VINTON 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 10,664	\$ 16,151	\$ -	\$ 26,815
Intergovernmental	38,122	39,074	620,482	697,678
Special Assessments	429	-	-	429
Charges for Services	8,175	-	-	8,175
Earnings on Investments	247	329	1,956	2,532
Miscellaneous	4,821	455	-	5,276
	<u>62,458</u>	<u>56,009</u>	<u>622,438</u>	<u>740,905</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	21,143	2,663	-	23,806
Public Health Services	173	-	-	173
Basic Utility Service	-	8,789	-	8,789
Transportation	-	36,245	-	36,245
General Government	55,203	676	-	55,879
Debt Service:				
Redemption of Principal	4,574	-	-	4,574
Interest and Fiscal Charges	676	-	-	676
Capital Outlay	5,873	-	561,276	567,149
	<u>87,642</u>	<u>48,373</u>	<u>561,276</u>	<u>697,291</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(25,184)</u>	<u>7,636</u>	<u>61,162</u>	<u>43,614</u>
Fund Cash Balances, January 1	<u>174,695</u>	<u>40,128</u>	<u>-</u>	<u>214,823</u>
Fund Cash Balances, December 31	<u>\$ 149,511</u>	<u>\$ 47,764</u>	<u>\$ 61,162</u>	<u>\$ 258,437</u>

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

**VILLAGE OF HAMDEN
VINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 196,275
Miscellaneous	2,250
	198,525
Total Operating Revenues	198,525
Operating Cash Disbursements:	
Personal Services	31,277
Contractual Services	119,946
Supplies and Materials	22,024
Other	4,128
	177,375
Total Operating Cash Disbursements	177,375
Operating Income (Loss)	21,150
Non-Operating Cash Receipts:	
Earnings on Investments	239
	239
Total Non-Operating Cash Receipts	239
Non-Operating Cash Disbursements:	
Capital Outlay	9,237
Debt Service:	
Redemption of Principal	4,574
Interest and Fiscal Charges	676
	14,487
Total Non-operating Disbursements	14,487
Excess of Cash Receipts Over/(Under) Cash Disbursements	6,902
Fund Cash Balances, January 1	45,043
Fund Cash Balances, December 31	\$ 51,945

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

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Hamden, Vinton County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides street maintenance, water utilities, and fire protection.

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 accounting basis of prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

Cash accounts are valued at cost. The Village has certificates of deposit.

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 reports 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 received gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Fire Levy Fund - This fund receives property taxes and charges for services to fund the fire department.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects.

Sewer Construction Fund – This fund receives grants and loan proceeds to fund a construction of a central sanitary sewer system in the incorporated area of Hamden and construction of a wastewater treatment facility.

4. Enterprise Funds

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

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

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

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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$ 430,999	\$ 210,382
Certificates of deposit	100,000	100,000
Total Deposits	\$ 530,999	\$ 310,382

Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 346,284	\$ 83,860	\$ 262,424
Special Revenue	79,520	91,475	(11,955)
Enterprise	296,119	330,132	(34,013)
Capital Projects	3,728,884	3,476,120	252,764
Total	\$ 4,450,807	\$ 3,981,587	\$ 469,220

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 92,354	\$ 83,620	\$ 8,734
Special Revenue	127,242	90,324	36,918
Enterprise	344,341	274,316	70,025
Capital Projects	3,790,046	3,312,710	477,336
Total	\$ 4,353,983	\$ 3,760,970	\$ 593,013

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 49,226	\$ 62,458	\$ 13,232
Special Revenue	53,685	56,009	2,324
Enterprise	173,499	198,764	25,265
Capital Projects	550,289	622,438	72,149
Total	\$ 826,699	\$ 939,669	\$ 112,970

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 123,465	\$ 87,642	\$ 35,823
Special Revenue	94,267	48,373	45,894
Enterprise	218,542	191,862	26,680
Capital Projects	550,289	561,276	(10,987)
Total	\$ 986,563	\$ 889,153	\$ 97,410

Contrary to Ohio Rev. Code Section 5705.39, the Capital Projects Fund in 2007 and Volunteer Fire Department Fund in 2006 had appropriations exceeding estimated resources.

Contrary to Ohio Rev. Code Section 5705.41(B), total expenditures exceeded total approved appropriations in the Capital Projects Fund in 2006.

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 100% of expenditures tested during 2006 and 30% of expenditures testing during 2007.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semi-annually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest
Truck	\$ 10,029	5.00%
OWDA	2,223,521	1.50%
OPWC	145,607	0.00%
	<u>\$ 2,379,157</u>	

The Truck loan related to the purchase of a truck for the maintenance of the Village's streets and property. The purchase price was \$67,288 and is to be repaid in annual installments of \$10,500, including interest, over 5 years.

The Ohio Water Development Authority (OWDA) loan relates to the construction of a water and sewer plant expansion project approved by the Ohio Environmental Protection Agency. The OWDA approved up to \$3,000,000 in loans to the Village for this project in 2006. The two planning loans for this project outstanding 12/31/05 were rolled into this loan. The Village is to begin repaying the loan in 2009 in annual installments over 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The outstanding balance above includes \$4,092 of capitalized interest.

The OPWC loan relates to a water and sewer maintenance and repair project. The OPWC approved the loan for \$375,000 and a grant for \$410,000. The loan is a 0% interest loan with a 20 year term. Semi-annual payments of \$9,375. The Village is to begin repaying the loan upon completion of the project. The amount drawn down at December 31, 2007 was \$145,607. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Village acquired a loan through the Department of Commerce- State Fire Marshall's Office for \$150,000 in June of 2006 to fund a portion of the cost of a new fire station. The Village received this money, however the Village entered an agreement wherein the Hamden Fire Fighters Association will repay the loan principal and interest.

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

Year ending December 31:	Truck
2008	\$ 10,500
Total	<u>\$ 10,500</u>

The OPWC and OWDA amortizations are not included since the projects are not complete.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides 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 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public official's liability; and
- Vehicles.

8. SANITARY SEWER SYSTEM/WASTEWATER TREATMENT FACILITY PROJECT

The Village has entered into the project of constructing a central sanitary sewer system in the incorporated area of Hamden and construction of a 125,000 GPD wastewater treatment facility. The project will be financed by the Ohio Water Development Authority, Ohio Environmental Protection Agency, Ohio Public Works Commission, Ohio Department Of Development, Appalachian Regional Commission, Community Development Block Grants and the United States Army Corps of Engineers as well as monthly utility charges. The estimated total for the project is \$5.8 million. The project is currently in the construction stage with an estimated completion in January 2009 (See Note 5, OWDA and OPWC Loan).

**Village of Hamden
Vinton County**

**Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2007**

Federal Grantor/Pass Through Grantor	Pass Through	CFDA	
Program Title	Entity Number	Number	Disbursements
U.S Army Corp of Engineers			
<i>Direct Program:</i>			
594 Grant	N/A	N/A	<u>544,355</u>
Total U.S. Army Corp of Engineers			<u>544,355</u>
U.S. Department of Housing and Urban Development			
<i>Passed-through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program			
Small Cities Community Development Block Grant (CDBG) Program			
Water and Sanitary Sewer Competitive Grant Program	C-W-02-320-1	14.228	<u>300,000</u>
Total U.S. Army Corp of Engineers			<u>300,000</u>
Total Federal Financial Assistance			<u><u>844,355</u></u>

See accompanying notes to the Schedule of Federal Awards Expenditures

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*.

NOTE B – MATCHING REQUIREMENTS

Certain federal programs require that the Village contribute non-federal funds (matching funds) to support the federally funded programs. The Village has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

Perry & Associates
Certified Public Accountants, A.C.

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

October 29, 2008

Village of Hamden
Vinton County
P.O. Box 355
Hamden, OH 45634

To the Village Council:

We have audited the financial statements of the **Village of Hamden, Vinton County**, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 29, 2008 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 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 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.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-006.

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. We believe significant deficiencies 2007-001 and 2007-006 described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 29, 2008

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 are described in the accompanying schedule of findings as items 2007-001 through 2007-004.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

Perry & Associates
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

October 29, 2008

Village of Hamden
Vinton County
P.O. Box 355
Hamden, OH 45634

To the Village Council:

We have audited the compliance of the **Village of Hamden, Vinton County**, Ohio (the Village), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement, that apply to its major federal program for the year ended December 31, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Village's major federal programs. The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007.

The Village's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

Internal Control Over Compliance

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Village's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-consequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Village's internal control will not prevent or detect material noncompliance with federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Village, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material significant deficiencies reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Section 594 of the Water Resource Development Act of 1999 CFDA # N/A Community Development Block Grant/ US Department of Housing and Urban Development CFDA # 14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**VILLAGE OF HAMDEN
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency/Material Weakness

Ohio Rev. Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing Village, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village filed a manual Annual Financial Report with the Auditor of State's office but the amounts in the report did not accurately reflect the Village's financial status as of December 31, 2006. The combined did not agree to the combining statements nor did they foot or balance to cash reconciliation.

We recommend the Annual Financial Report be compiled from the Village's accounting system and be reconciled. In addition, the Village should publish notice in a local newspaper that the financial report is available for public inspection.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-002

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the audit period, total appropriations exceeded total estimated resources in the Capital Projects Fund in 2007 and the Volunteer Fire Department Fund in 2006.

Village Council should monitor appropriations versus estimated resources to help avoid overspending.

Management's Response – We did not receive a response from the Village to this finding.

VILLAGE OF HAMDEN
VINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2006 in the Capital Projects Fund.

We recommend the Village Clerk modify appropriations with the Board of Council Members and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-004

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The 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.

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 taxing authority.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-004 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

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 entity 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.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% and 30% of the expenditures tested during 2006 and 2007, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions.

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 certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used.

Management’s Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-005

Significant Deficiency

Monthly Cash Reconciliations

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves reconciling the bank balance to the cash and investment balance.

VILLAGE OF HAMDEN
VINTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-005 (Continued)

Significant Deficiency (Continued)

Monthly Cash Reconciliations (Continued)

For January 1, 2006 through December 31, 2007, the Village did not resolve various differences between the adjusted bank balance and the balance reflected within the Village's accounting records. This resulted in several adjusting entries being proposed. Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner. We also discovered that the expenses for the construction of the fire building were not booked in the UAN System resulting in the fund balance being overstated that also required a proposed adjustment.

We recommend the Clerk reconcile the end of the month bank balance to the Village's end of the month cash balance per the Cash Journal.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-006

Significant Deficiency/Material Weakness

Posting Receipts and Expenditures

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2007 and 2006, several receipts and expenditures were not posted into accurate revenue classifications based on the source of the receipt or expenditure. For example, note proceed revenues were not posted into the correct receipt classification. In addition, the expenditures for the debt payments were posted to the Capital Outlay account rather than principal/interest payments. This resulted in several reclassification entries being made to the financial statements.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

FINDINGS FOR FEDERAL AWARDS

None

**VILLAGE OF HAMDEN
VINTON COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .313(c)
DECEMBER 31, 2007**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2007-001	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer
2007-002	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer
2007-003	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer
2007-004	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer
2007-005	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer
2007-006	We did not receive a response from officials to this finding.	N/A	Vicki Patton, Fiscal Officer

**VILLAGE OF HAMDEN
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, <i>Explain</i>
2005-001	ORC Section 5705.36(A)(2) – Increased Amended Certificates	Yes	
2005-002	ORC Section 5705.41(B) – Expenditures exceed Appropriations.	No	Repeat as 2007-003
2005-003	ORC 5705.41(D) Properly Encumbering	No	Repeat as 2007-004



Mary Taylor, CPA
Auditor of State

VILLAGE OF HAMDEN

VINTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 6, 2009**