

**VILLAGE OF HAMDEN
VINTON COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Village Council
Village of Hamden
P.O. Box 355
Hamden, Ohio 45634

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, 2008 through December 31, 2009. 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.

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

Mary Taylor, CPA
Auditor of State

October 28, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

VILLAGE OF HAMDEN
VINTON 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, 2009	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types For the Year Ended December 31, 2009	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Audit Findings	15
Schedule of Prior Audit Findings	17

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

INDEPENDENT ACCOUNTANTS' REPORT

August 16, 2010

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

To the Mayor and Members of 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, 2009 and 2008. 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, 2009 and 2008 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, 2009 and 2008 or its changes in financial position or cash flows 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 Hamden, Vinton County, as of December 31, 2009 and 2008, 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 August 16, 2010 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,



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, 2009**

	<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	\$ 9,198	\$ 33,864	\$ -	\$ 43,062
Intergovernmental	30,012	37,856	106,101	173,969
Charges for Services	11,010	-	-	11,010
Fines, Licenses, and Permits	300	-	-	300
Earnings on Investments	785	611	-	1,396
Miscellaneous	416	5,782	-	6,198
	<u>51,721</u>	<u>78,113</u>	<u>106,101</u>	<u>235,935</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	20,113	19,924	-	40,037
Public Health Services	181	-	-	181
Leisure Time Activities	-	1,783	-	1,783
Transportation	-	32,472	-	32,472
General Government	55,933	1,800	5,785	63,518
Capital Outlay	-	1,528	594,641	596,169
	<u>76,227</u>	<u>57,507</u>	<u>600,426</u>	<u>734,160</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(24,506)</u>	<u>20,606</u>	<u>(494,325)</u>	<u>(498,225)</u>
Other Financing Receipts:				
Note Proceeds	-	-	465,603	465,603
	<u>-</u>	<u>-</u>	<u>465,603</u>	<u>465,603</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(24,506)	20,606	(28,722)	(32,622)
Fund Cash Balances, January 1	150,488	56,682	214,360	421,530
Fund Cash Balances, December 31	<u>\$ 125,982</u>	<u>\$ 77,288</u>	<u>\$ 185,638</u>	<u>\$ 388,908</u>
Reserve for Encumbrances, December 31	<u>\$ 637</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 1,068</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, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 429,368
Total Operating Revenues	429,368
Operating Cash Disbursements:	
Personal Services	44,821
Fringe Benefits	6,924
Contractual Services	653,321
Supplies and Materials	26,517
Other	2,876
Total Operating Cash Disbursements	734,459
Operating Income (Loss)	(305,091)
Non-Operating Cash Receipts/(Disbursements):	
Intergovernmental	789,117
Debt Proceeds	432,256
Capital Outlay	(432,256)
Miscellaneous	2,806
Redemption of Principal	(400,237)
Total Non-Operating Cash Receipts/(Disbursements)	391,686
Net Receipts Over/(Under) Cash Disbursements	86,595
Fund Cash Balances, January 1	161,067
Fund Cash Balances, December 31	\$ 247,662
Reserve for Encumbrances, December 31	\$ 502

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, 2008**

	<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	\$ 10,578	\$ 27,588	\$ -	\$ 38,166
Intergovernmental	45,648	80,729	406,760	533,137
Charges for Services	7,650	-	-	7,650
Fines, Licenses, and Permits	125	-	-	125
Earnings on Investments	4,806	505	-	5,311
Miscellaneous	1,730	50	-	1,780
	<u>70,537</u>	<u>108,872</u>	<u>406,760</u>	<u>586,169</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	20,427	26,835	-	47,262
Public Health Services	203	-	-	203
Transportation	-	33,017	-	33,017
General Government	49,242	-	-	49,242
Debt Service:				
Redemption of Principal	-	-	116,267	116,267
Interest and Fiscal Charges	-	-	22,500	22,500
Capital Outlay	-	41,420	767,966	809,386
	<u>69,872</u>	<u>101,272</u>	<u>906,733</u>	<u>1,077,877</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>665</u>	<u>7,600</u>	<u>(499,973)</u>	<u>(491,708)</u>
Other Financing Receipts:				
Note Proceeds	-	-	489,761	489,761
	<u>-</u>	<u>-</u>	<u>489,761</u>	<u>489,761</u>
Total Other Financing Receipts				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	665	7,600	(10,212)	(1,947)
Fund Cash Balances, January 1 (Restated - See Note 9)	<u>149,823</u>	<u>49,082</u>	<u>224,572</u>	<u>423,477</u>
Fund Cash Balances, December 31	<u>\$ 150,488</u>	<u>\$ 56,682</u>	<u>\$ 214,360</u>	<u>\$ 421,530</u>
Reserve for Encumbrances, December 31	<u>\$ 637</u>	<u>\$ 431</u>	<u>\$ -</u>	<u>\$ 1,068</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, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 330,898
Total Operating Revenues	330,898
Operating Cash Disbursements:	
Personal Services	31,352
Fringe Benefits	8,180
Contractual Services	209,136
Supplies and Materials	29,239
Other	1,391
Total Operating Cash Disbursements	279,298
Operating Income (Loss)	51,600
Non-Operating Cash Receipts/(Disbursements):	
Miscellaneous	12,118
Redemption of Principal	(10,009)
Interest and Fiscal Charges	(471)
Total Non-Operating Cash Receipts/(Disbursements)	1,638
Net Receipts Over/(Under) Cash Disbursements	53,238
Fund Cash Balances, January 1 (Restated - See Note 9)	107,829
Fund Cash Balances, December 31	\$ 161,067
Reserve for Encumbrances, December 31	\$ 502

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

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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. Accounting Basis

These financial statements follow the accounting basis the AOS prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 include adequate disclosure of material matters as the Auditor of State prescribes or permits.

C. Deposits

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

Fire Levy Fund – This fund receives property taxes to fund the fire department.

Street Lighting Levy Fund – This fund receives property taxes to pay for the street lights in the Village.

FEMA Fund – This fund received FEMA fire grant money to purchase fire equipment.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

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 Funds:

Water Fund – This fund receives charges for services from residents to cover water service costs, and also ARRA funds for water and sewer construction projects.

Enterprise Debt Service Fund – This fund receives charges for services from residents to pay back debt related to the water and sewer construction projects.

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

Trash Fund – This fund receives charges for services from residents to cover trash 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 fund, function, or 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

A summary of 2009 and 2008 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 leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

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

	2009	2008
Demand deposits	\$ 536,570	\$ 482,597
Certificates of deposit	100,000	100,000
Total Deposits	\$ 636,570	\$ 582,597

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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,135	\$ 51,721	\$ (10,586)
Special Revenue	71,615	78,113	(6,498)
Capital Projects	531,949	571,704	(39,755)
Enterprise	755,021	1,653,547	(898,526)
Total	\$ 1,399,720	\$ 2,355,085	\$ (955,365)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 86,382	\$ 76,864	\$ 9,518
Special Revenue	72,285	57,938	14,347
Capital Projects	645,785	600,426	45,359
Enterprise	753,868	1,567,454	(813,586)
Total	\$ 1,558,320	\$ 2,302,682	\$ (744,362)

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

Fund Type	Receipts	Receipts	Variance
General	\$ 167,139	\$ 70,537	\$ (96,602)
Special Revenue	145,175	100,872	(44,303)
Capital Projects	800,000	896,521	96,521
Enterprise	321,463	343,016	21,553
Total	<u>\$ 1,433,777</u>	<u>\$ 1,410,946</u>	<u>\$ (22,831)</u>

Fund Type	Authority	Expenditures	Variance
General	\$ 109,566	\$ 70,509	\$ 39,057
Special Revenue	170,764	101,703	69,061
Capital Projects	960,000	906,733	53,267
Enterprise	312,719	290,280	22,439
Total	<u>\$ 1,553,049</u>	<u>\$ 1,369,225</u>	<u>\$ 183,824</u>

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.

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest</u>
OWDA - 4535	\$ 2,897,523	1.50%
OWDA - 5199	71,794	0.00%
OPWC	270,947	0.00%
	<u>\$ 3,240,264</u>	

The Ohio Water Development Authority (OWDA) loan 4535 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 began repaying this loan in 2009 with annual installments that will last 30 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan 5199 relates to water systems renovations, and included funding received from the Drinking Water Assistance Fund and the American Recovery and Reinvestment Act. The Village was approved for \$2,506,424 in encumbrances, and was also approved for \$1,752,548 in principal forgiveness through ARRA. So far, the Village has expended \$432,256 and been forgiven \$360,462.

The Ohio Public Works Commission (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 with semi-annual payments of \$9,375. The Village is to begin repaying the loan upon completion of the project. The amount of the loan drawn down at December 31, 2009 was \$270,947. 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.

During the audit period, the Village paid off an outstanding truck loan.

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

6. RETIREMENT SYSTEMS

All of the Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2009 and 2008, members of OPERS contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

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.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(CONTINUED)**

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 2010 (See Note 5, OWDA and OPWC Loan).

9. PRIOR PERIOD FUND BALANCE ADJUSTMENTS

The Village made fund balance adjustments in 2008 in the General, Special Revenue, and Enterprise Funds to adjust for several voided warrants that were reflected in the balance as of December 31, 2007.

	General Fund
Balance as of December 31, 2007	\$ 149,751
Adjustment for 2007 voided warrants	72
Adjusted January 1, 2008 Fund Balance	\$ 149,823
	Special Revenue Fund
Balance as of December 31, 2007	\$ 48,915
Adjustment for 2007 voided warrants	167
Adjusted January 1, 2008 Fund Balance	\$ 49,082
	Enterprise Fund
Balance as of December 31, 2007	\$ 107,761
Adjustment for 2007 voided warrants	68
Adjusted January 1, 2008 Fund Balance	\$ 107,829

Perry & Associates
Certified Public Accountants, A.C.

PARKERSBURG
1035 Murdoch Avenue
Parkersburg, WV 26101
(304) 422-2203

MARIETTA
428 Second Street
Marietta, OH 45750
(740) 373-0056

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

August 16, 2010

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

To the Mayor and Members of Village Council:

We have audited the financial statements of **Village of Hamden, Vinton County, Ohio** (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 16, 2010, 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 and 2009-002 described in the accompanying schedule of findings to be material weaknesses.

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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 16, 2010.

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

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**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

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.

For January 1, 2008 through December 31, 2009, the Village did not include their certificates of deposits when reconciling various differences between the adjusted bank balance and the balance reflected within the Village's accounting records. This resulted in the financial statements being misstated, and an adjusting entry 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 recommend the Fiscal Officer reconcile the end of the month bank balance, including all certificates of deposit, to the Village's end of the month cash balance per the Cash Journal. We also recommend that the CD balances be entered into the fund balances of the appropriate funds within the accounting system.

Management's Response – We did not include the certificates of deposit because we did not want to encumber them. We will include them in the reconciliations in the future.

FINDING NUMBER 2009-002

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2009 and 2008, several receipts and expenditures were not posted to accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Homestead and rollback receipts were recorded as Property and Local Taxes instead of Intergovernmental Revenue in the General, Fire Levy, and Street Light Levy Funds
- Portions of debt payments were recorded as Transportation in the General Fund instead of Redemption of Principal in the Water Operating Fund
- Debt proceeds were recorded as Intergovernmental Revenue instead of Debt Proceeds in the Sewer Construction and Water Operating Funds
- Principal loan forgiveness from Federal stimulus monies were not recorded as Intergovernmental receipts and Redemption of Principal expenditures in the Water Operating Fund

Not posting revenues and expenditures accurately resulted in the financial statements requiring several adjustments and reclassifications. The financial statements reflect all reclassifications and adjustments. Village management agrees with the adjustments, and all adjustments have been made to the Village's accounting system.

VILLAGE OF HAMDEN
VINTON COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-002 (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Fiscal Officer refer to Ohio Administrative Code 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.

**VILLAGE OF HAMDEN
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	Ohio Revised Code Section 117.38 – Annual reports	Yes	
2007-002	Ohio Revised Code Section 5705.39 - budgetary compliance	No	Repeated as management letter comment
2007-003	Ohio Revised Code Section 5705.41(B) - budgetary compliance	No	Repeated as management letter comment
2007-004	Ohio Revised Code Section 5705.41(D)(1) - properly encumbering	Yes	
2007-005	Monthly cash reconciliations	No	Repeated as finding 2009-001
2007-006	Posting receipts and expenditures	No	Repeated as finding 2009-002



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
NOVEMBER 9, 2010**