



**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Camden-Somers Township Fire District  
Preble County  
P. O. Box 206  
Camden, Ohio 45311

To the Board of Trustees:

We have audited the accompanying financial statements of Camden-Somers Township Fire District, Preble County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, 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. We believe that our audit provides a reasonable basis for our opinion.

The District did not provide sufficient documentation supporting the firemen's 1999 payroll. Without this evidential matter, we were unable to obtain sufficient information regarding the payroll or to satisfy ourselves regarding the validity of the underlying transactions through other audit procedures. The firemen's payroll is included in the General Fund expenditures and represent 21 percent of Security of Persons and Property.

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

In our opinion, except for such adjustments, if any, as might have been determined to be necessary had we been able to audit the District's firemen's 1999 payroll in the General Fund, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the District as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2001 on our consideration of the District'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, the Board and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

August 17, 2001

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
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, 2000**

	<u>General</u>	<u>Debt Service</u>	<u>(Memorandum Only) Total</u>
<b>Cash Receipts:</b>			
Taxes	\$85,662	\$0	\$85,662
Intergovernmental	9,974	0	9,974
Charges for Services	0	0	0
Earnings on Investments	2,652	0	2,652
Miscellaneous	4,571	0	4,571
	<u>102,859</u>	<u>0</u>	<u>102,859</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	49,056	0	49,056
General Government	13,601	0	13,601
Debt Service:			
Redemption of Principal	0	14,119	14,119
Interest	0	2,495	2,495
	<u>62,657</u>	<u>16,614</u>	<u>79,271</u>
Total Cash Disbursements	<u>62,657</u>	<u>16,614</u>	<u>79,271</u>
Total Receipts Over/(Under) Disbursements	<u>40,202</u>	<u>(16,614)</u>	<u>23,588</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	20,000	20,000
Transfers-Out	(20,000)	0	(20,000)
	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(20,000)</u>	<u>20,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,202	3,386	23,588
Fund Cash Balances, January 1	<u>97,100</u>	<u>0</u>	<u>97,100</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$117,302</u></b>	<b><u>\$3,386</u></b>	<b><u>\$120,688</u></b>
Reserves for Encumbrances, December 31	<u>\$7,526</u>	<u>\$0</u>	<u>\$7,526</u>

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

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

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

	<b>General</b>	<b>Debt Service</b>	<b>(Memorandum Only) Total</b>
<b>Cash Receipts:</b>			
Taxes	\$87,924	\$0	\$87,924
Intergovernmental	9,845	0	9,845
Charges for Services	3,600	0	3,600
Earnings on Investments	2,232	0	2,232
Miscellaneous	8,601	0	8,601
<b>Total Cash Receipts</b>	<b>112,202</b>	<b>0</b>	<b>112,202</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	34,201	15,944	50,145
General Government	12,124	0	12,124
Capital Outlay	45,000	0	45,000
<b>Total Cash Disbursements</b>	<b>91,325</b>	<b>15,944</b>	<b>107,269</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>20,877</b>	<b>(15,944)</b>	<b>4,933</b>
<b>Other Financing Receipts/(Disbursements):</b>			
Proceeds from Loan	45,000	0	45,000
Transfers-In	0	8,521	8,521
Transfers-Out	(8,521)	0	(8,521)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>36,479</b>	<b>8,521</b>	<b>45,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>57,356</b>	<b>(7,423)</b>	<b>49,933</b>
<b>Fund Cash Balances, January 1</b>	<b>39,744</b>	<b>7,423</b>	<b>47,167</b>
<b>Fund Cash Balances, December 31</b>	<b>\$97,100</b>	<b>\$0</b>	<b>\$97,100</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$4,473</b>	<b>\$0</b>	<b>\$4,473</b>

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



**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Camden-Somers Township Fire District, Preble County, Ohio (the District), 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 District is directed by an appointed six-member Board of Trustees. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the District 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**

The District maintained an interest bearing checking account and certificates of deposit. The certificates of deposit are valued at cost.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and deposits that are restricted as to use. The District 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. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of a fire truck loan.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated. The District did not encumber all commitments required by Ohio law. However, the District did not have material unrecorded encumbrances at December 31, 2000 and December 31, 1999.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND DEPOSITS**

The carrying amount of cash and deposits at December 31 follows:

	<u><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	\$109,283	\$85,830
Certificates of deposit	<u>11,405</u>	<u>11,270</u>
Total deposits	<u><u>\$120,688</u></u>	<u><u>\$97,100</u></u>

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

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 94,350	\$ 102,859	\$ 8,509
Debt Service	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total	<u>\$ 114,350</u>	<u>\$ 122,859</u>	<u>\$ 8,509</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 104,854	\$ 90,183	\$ 14,671
Debt Service	<u>20,000</u>	<u>16,614</u>	<u>3,386</u>
Total	<u>\$ 124,854</u>	<u>\$ 106,797</u>	<u>\$ 18,057</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 108,433	\$ 157,202	\$ 48,769
Debt Service	<u>8,507</u>	<u>8,521</u>	<u>14</u>
Total	<u>\$ 116,940</u>	<u>\$ 165,723</u>	<u>\$ 48,783</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,547	\$ 104,319	\$ (27,772)
Debt Service	<u>15,931</u>	<u>15,944</u>	<u>(13)</u>
Total	<u>\$ 92,478</u>	<u>\$ 120,263</u>	<u>\$ (27,785)</u>

Contrary to Ohio law, expenditures exceeded appropriations in 1999 in the General Fund due to the District not properly recording a \$45,000 loan.

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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.

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 District.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Fire Truck	\$ 30,881	6%

The District obtained debt in order to purchase a fire truck. The loan was obtained in 1999 in the amount of \$45,000. The loan will be paid in semi-annual installments of \$8,306.89, including interest, over three years. The District gave a security interest in the fire truck to the bank as collateral for this debt.

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

Year ending December 31:	Loan
2001	\$16,614
2002	<u>16,614</u>
Total	<u><u>\$33,228</u></u>

**6. RETIREMENT SYSTEMS**

The District's Clerk belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RISK MANAGEMENT**

The District has obtained commercial insurance for the following risks:

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

**8. COMPLIANCE**

Contrary to Ohio Law, the District did not prepare its 2000 financial report and did not file it with the Auditor of State.

The District did not publish notice in a local newspaper for either the 1999 or 2000 financial report, contrary to Ohio Law.

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

Camden-Somers Township Fire District  
Preble County  
P. O. Box 206  
Camden, Ohio 45311

To the Board of Trustees:

We have audited the financial statements of Camden-Somers Township Fire District, Preble County, Ohio (the District), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 17, 2001, which was qualified due to lack of sufficient documentation for the firemen's 1999 payroll. Except for the above, 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 District'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 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 2000-40368-001 through 2000-40368-003. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated August 17, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District'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 District'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 2000-40368-002 and 2000-40368-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe item 2000-40368-004 described above is a material weakness.

Camden-Somers Township Fire District  
Preble County  
Report on Compliance and on Internal Control Required by  
*Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

August 17, 2001



**CAMDEN-SOMERS TOWNSHIP FIRE DISTRICT  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40368-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. The District had expenditures that exceeded appropriations at year-end for the General Fund in 1999. The expenditures were \$104,319 and the appropriations were \$76,547, resulting in a variance of (\$27,742). Failure to properly monitor budgetary activity could result in negative cash fund balances. We recommend that the District monitor budgetary activity more closely.

**FINDING NUMBER 2000-40368-002**

**Material 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:

1. 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 Trustees 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.
2. If the amount involved is less than \$1,000, the Clerk-Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

The District did not properly certify the availability of funds for purchase commitments for 63 percent of expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Effort should be made by the District to properly utilize the encumbrance method of accounting by certifying the availability funds on properly approved purchase orders. We recommend the District obtain approved purchase orders, which contain the Clerk-Treasurer'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 2000-40368-003**

**Material Noncompliance**

Ohio Rev. Code, Section 117.38, states that cash basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year-end. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. 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.

Contrary to this requirement, the District did not prepare its 2000 financial report and could be subject to payment of penalties. Also, the District did not publish notice in a local newspaper for either the 1999 or 2000 financial report.

Failure to prepare financial reports and publish notice in a local newspaper could cause loss of funds and lack of taxpayer support for the District.

We recommend that the District prepare its financial reports and also publish notice in a local newspaper stating the financial report is available for public inspection at the office of the Clerk-Treasurer.

**FINDING NUMBER 2000-40368-004**

**Material Weakness**

The District could not provide the fire run sheets to support the amounts paid for the firemen's payroll in 1999. Failure to retain adequate supporting documentation related to the firemen's payroll could result in inaccurate or incomplete payments. Also, it hinders the District's ability to answer questions that an employee may have regarding his or her payroll. We recommend that the District retain all documents to support all payments for payroll.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**CAMDEN SOMERS TOWNSHIP FIRE DISTRICT**

**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  
SEPTEMBER 13, 2001**