



Mary Taylor, CPA
Auditor of State

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

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Mary Taylor, CPA Auditor of State

Camden-Somers Fire and Rescue Protection District
Preble County
PO Box 206
Camden, Ohio 45311

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

August 25, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Camden-Somers Fire and Rescue Protection District
Preble County
PO Box 206
Camden, Ohio 45311

To the Board of Trustees:

We have audited the accompanying financial statements of the Camden-Somers Fire and Rescue Protection District, Preble County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007. 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District 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 District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District 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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position 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 of the Camden-Somers Fire and Rescue Protection District, Preble County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District 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 25, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

August 25, 2009

**CAMDEN SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

| | 2008 | 2007 |
|--|-----------------|------------------|
| Cash Receipts: | | |
| Property and Other Local Taxes | \$231,458 | \$241,080 |
| Charges for Services | 98,123 | 215,893 |
| Intergovernmental | 47,395 | 40,722 |
| Earnings on Investments | 1,081 | 2,267 |
| Miscellaneous | 1,543 | 4,551 |
| | 379,600 | 504,513 |
| Cash Disbursements: | | |
| Current: | | |
| General Government | 134,519 | 205,030 |
| Public Safety | 240,556 | 251,386 |
| Debt Service: | | |
| Redemption of Principal | 69,492 | 66,335 |
| Interest and Other Fiscal Charges | 14,400 | 17,557 |
| | 458,967 | 540,308 |
| Total Receipts Under Disbursements | (79,367) | (35,795) |
| Fund Cash Balances, January 1 | 112,426 | 148,221 |
| Fund Cash Balances, December 31 | \$33,059 | \$112,426 |

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

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**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Camden-Somers Fire and Rescue Protection District, Preble County, Ohio (the District), as a body corporate and politic. A six-member Board of Trustees governs the District. Three representatives are appointed by the Village of Camden and three representatives are appointed by Somers Township. The District was created January 14, 2002, by resolution of the Village of Camden and Somers Township. The District provides fire, ambulance, emergency medical and rescue services to the residents throughout the combined geographic boundaries of the Village of Camden and Somers Township. The District has contracts to provide services to Israel Township and Gasper Township in Preble County, and the Village of Somerville in Butler County.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

The District maintained an interest bearing checking account and a savings account.

D. Fund Accounting

The District uses the General Fund to account for all financial resources.

E. Budgetary Process

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

1. Appropriations

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

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 District to reserve (encumber) appropriations when individual commitments are made. The District canceled \$1,250 in encumbrances at December 31, 2008 and \$23,617 in encumbrances at December 31, 2007 and re-encumbered these amounts in subsequent years against current appropriations. The District did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Cash and Deposits

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

| | 2008 | 2007 |
|-----------------|-----------|------------|
| Demand deposits | \$9,839 | \$70,125 |
| Savings account | 23,220 | 42,301 |
| Total deposits | \$ 33,059 | \$ 112,426 |

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 450,500 | \$ 379,600 | \$ (70,900) |
| | \$ 450,500 | \$ 379,600 | \$ (70,900) |

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 559,645 | \$ 458,967 | \$ 100,678 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 521,500 | \$ 504,513 | \$ (16,987) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 591,250 | \$ 540,308 | \$ 50,942 |

Contrary to Ohio law, appropriations exceeded available resources in the General Fund at December 31, 2008.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

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.

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt

Debt outstanding at December 31, 2008 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------|-------------------|----------------------|
| 2002 Fire Truck Loan | \$ 17,309 | 4.00% |
| 2003 Emergency Squad Loan | 57,306 | 4.25% |
| 2005 Pumper Truck Loan | 142,769 | 4.99% |
| 2005 Life Pak Lease | 18,732 | 5.95% |
| Total | <u>\$ 236,116</u> | |

The District obtained a loan for \$108,000 in 2002 for the purpose of purchasing new fire trucks. The loan is being repaid in annual installments of \$17,994, including interest, over a period of seven years. The loan is collateralized by the fire trucks.

The District obtained a loan for \$181,318 in 2003 for the purpose of purchasing new emergency squads. The loan is being repaid in annual installments of \$30,494, including interest, over a period of six years. The loan is collateralized by the emergency squads.

The District obtained a loan for \$270,000 in 2005 for the purpose of purchasing a new pumper truck. The loan is being repaid in annual installments of \$24,594, including interest, over a period of ten years. The loan is collateralized by the pumper truck.

The District entered into a lease/purchase agreement in 2005 for two Life Pak defibrillators. The purchase price of the defibrillators was \$46,653. The lease/purchase agreement is being repaid in monthly installments of \$901, including interest, over a period of five years. Ownership of the defibrillators transfers to the District at the conclusion of the lease for a \$1 purchase price. The defibrillators serve as collateral for the lease.

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

| Year ending December 31: | <u>Fire Truck Loan</u> | <u>Emergency Squad Loan</u> | <u>Pumper Truck Loan</u> | <u>Life Pak Lease</u> |
|--------------------------|----------------------------|---------------------------------|------------------------------|-----------------------|
| 2009 | \$17,994 | \$30,494 | \$24,594 | \$10,810 |
| 2010 | | 30,494 | 24,594 | 9,008 |
| 2011 | | | 24,594 | |
| 2012 | | | 24,594 | |
| 2013 | | | 24,594 | |
| 2014-2015 | | | 49,188 | |
| Total | <u>\$17,994</u> | <u>\$60,988</u> | <u>\$172,158</u> | <u>\$19,818</u> |

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Retirement Systems

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the District contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

8. Related Party Transactions

During the audit period, the District obtained services from George Brothers Garage. The District expended \$1,378 in 2008 and \$1,451 in 2007. Keith George is a board member. He works at George Brothers Garage. The garage is owned by Keith George's brothers.

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Mary Taylor, CPA

Auditor of State

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

Camden-Somers Fire and Rescue Protection District
Preble County
PO Box 206
Camden, Ohio 45311

To the Board of Trustees:

We have audited the financial statements of the Camden-Somers Fire and Rescue District, Preble County, Ohio, (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 25, 2009 wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We 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 District'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 District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District'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 District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-003 and 2008-004 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District'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 none of the findings described above are material weakness.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated August 25, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 2008-001 and 2008-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 25, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Board of Trustees and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 25, 2009

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance

Ohio Rev. Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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.

- A. "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 District can authorize the drawing of a warrant for the payment of the amount due. The District 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 District.

- B. 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.
- C. Super Blanket Certificate – The District 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.

16 percent of the transactions tested were not properly certified at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2008-001
(Continued)**

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

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

Officials' Response:

The officials did not respond to the finding above.

FINDING NUMBER 2008-002

Noncompliance

Ohio Rev. Code, Section 5705.36(A)(4), requires that, upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in the official certificate, and that the amount of the deficiency will reduce available resources below the current level of appropriations, the fiscal officer shall certify the amount of the deficiency to the commission and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, 2008, actual receipts were less than estimated receipts in the General Fund by \$70,900, and the deficiency reduced available resources to \$492,026, which was below the current level of appropriations of \$559,645. The District did not certify the deficiency to the Commission. Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriation can result in overspending and negative fund balances. We recommend the District monitor estimated and actual receipts and obtain amended certificates when required.

Officials' Response:

I was aware that this was a problem. We had been more than 12 months waiting on Medicare billing monies, but due to changes with staff, policy changes, and Medicare going to a third party company to process the claims. They kept promising that at any time the claims would be reviewed and the money would be sent. I held out in hopes this would happen before year end because they kept telling me it would, but then it didn't and I made the Board members aware that since appropriations had not been amended that it would be a possible issue with our audit.

FINDING NUMBER 2008-003

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

**FINDING NUMBER 2008-003
(Continued)**

During 2008, the District approved a reduction in General Fund appropriations in the amount of \$60,000. However, this reduction was not posted to the District's accounting records.

Failure to properly post appropriations could result in excessive spending and possible negative fund balances. We recommend the District properly post appropriations to their budgetary ledgers. Once posted, the Fiscal Officer and Trustees should compare appropriations on the accounting system to the official documents.

Officials' Response:

I was aware that this was a problem. We had been more than 12 months waiting on Medicare billing monies, but due to changes with staff, policy changes, and Medicare going to a third party company to process the claims. They kept promising that at any time the claims would be reviewed and the money would be sent. I held out in hopes this would happen before year end because they kept telling me it would, but then it didn't and I made the Board members aware that since appropriations had not been amended that it would be a possible issue with our audit.

FINDING NUMBER 2008-004

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.
- Monitor activities performed by service organizations.

The District has delegated ambulance service billing processing, which is a significant accounting function, to a third-party administrator (Medicount Management). Statement of Auditing Standards No. 70 (SAS 70) as amended by SAS No. 89, prescribes standards for reporting on the processing of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the District with an appropriate level of assurance that ambulance service billing is being processed in conformance with the contract.

Medicount Management does have a Tier II SAS No. 70 audit performed. The District was provided with copies of the SAS 70 reports for the audit period, however the District did not review the report.

**FINDING NUMBER 2008-004
(Continued)**

Therefore, the District has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that ambulance service billing has not been completely and accurately processed in accordance with the service contract.

We recommend the District implement procedures to reasonably assure the completeness and accuracy of ambulance service billings processed by their third-party administrator.

The District should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a Tier II SAS 70 report, we recommend you only contract with a third-party administrator that will provide such a report.

We further recommend, with or without a SAS 70 report as described above, that the District put into place internal control measures to monitor the ambulance service billing process. The District receives monthly EMS billing reports from Medicount Management. However, there is no documentation of supervisory review of these monthly reports. To improve internal controls we recommend that the District document their review of the monthly billing reports received from Medicount. The monthly billing reports should be marked with the reviewer's initials (or signature) and the date. The monthly billing reports should also be compared to the EMS run sheets or run logs to ensure they are accurate and complete.

Officials' Response:

Copies of the SAS 70 reports for 2007 & 2008 were in the boxes of documents given to the auditors during the audit process. The fiscal officer does not have copies of run reports or copies of the EOB report from the billing company to compare whether all runs are being accounted for. The run reports are completed by EMS personnel and sent to the billing company and each month the EOB reports and the check from the billing company are sent to the attention of the Chief who passes off the check only to the the fiscal officer.

**CAMDEN-SOMERS FIRE AND RESCUE PROTECTION DISTRICT
PREBLE COUNTY**

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

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2006-001 | Finding for Recovery Repaid Under Audit | Yes | |
| 2006-002 | Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations | Yes | |
| 2006-003 | Failure to monitor monthly billing reports from ambulance billing service | No | Not corrected – reissued as Finding 2008-004 |



Mary Taylor, CPA
Auditor of State

CAMDEN-SOMERS FIRE AND RESCUE PROTECTION 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 29, 2009**