



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Camden Somers Fire and Rescue Protection District
Preble County
P.O. Box 206
Camden, Ohio 45311

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Camden Somers Fire and Rescue Protection District, Preble County Ohio (the District) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Camden Somers Fire and Rescue Protection District as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2018

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$321,522		\$321,522
Charges for Services	23,537	\$109,488	133,025
Intergovernmental	65,472	4,565	70,037
Earnings on Investments	189	0	189
Miscellaneous	6,563	0	6,563
Total Cash Receipts	<u>417,283</u>	<u>114,053</u>	<u>531,336</u>
Cash Disbursements:			
Current Disbursements:			
General Government	209,537	0	209,537
Public Safety	310,994	50,706	361,700
Debt Service:			
Principal Retirement	0	15,697	15,697
Interest and Fiscal Charges	0	4,630	4,630
Total Cash Disbursements	<u>520,531</u>	<u>71,033</u>	<u>591,564</u>
Excess Receipts Over (Under) Disbursements	<u>(103,248)</u>	<u>43,020</u>	<u>(60,228)</u>
Fund Cash Balances, January 1	<u>128,479</u>	<u>198,722</u>	<u>327,201</u>
Fund Cash Balances, December 31:			
Restricted	0	241,742	241,742
Unassigned	25,231	0	25,231
Fund Cash Balances, December 31	<u>\$25,231</u>	<u>\$241,742</u>	<u>\$266,973</u>

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
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Camden Somers Fire and Rescue Protection District, Preble County, (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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund: Fire and Rescue, Ambulance and EMS Services.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. REPORTING ENTITY (Continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

D. 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. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

E. Capital Assets

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

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable - The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed - Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

1. REPORTING ENTITY (Continued)

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$414,421	\$417,283	\$2,862
Special Revenue	124,404	114,053	(10,351)
Total	\$538,825	\$531,336	(\$7,489)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$528,451	\$520,531	\$7,920
Special Revenue	87,046	71,033	16,013
Total	\$615,497	\$591,564	\$23,933

4. DEPOSITS AND INVESTMENTS

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

	2016
Demand deposits	\$266,973
Total deposits	\$266,973

Deposits

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

5. TAXES

Property Taxes

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Some 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. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

B. Social Security

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

8. POST-EMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

9. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
SNB Loan EMS Vehicle	\$107,425	3.75%
US Bank Equipment Lease	39,276	0.00%
Stryker Flex Financial Equipment Lease	6,530	0.00%
Total	\$153,231	

The District obtained a loan for \$123,122 in 2015 for the purpose of purchasing a new ambulance truck. The loan is being repaid in annual installments of \$20,327, including interest over a period of seven years. The loan is collateralized by the ambulance truck.

Leases

The District leases equipment under non-cancelable leases. The District disbursed \$13,511 to pay lease costs for the year ended December 31, 2016.

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

Year ending December 31:	SNB Loan EMS Vehicle	US Bank Equipment Lease	Stryker Flex Financial Equipment Lease
2017	\$20,327	\$10,246	\$3,265
2018	20,327	10,246	3,265
2019	20,327	10,246	0
2020	20,327	8,538	0
2021	20,327	0	0
2022-2026	20,327	0	0
Total	\$121,962	\$39,276	\$6,530

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$318,533		\$318,533
Charges for Services	11,121	\$119,206	130,327
Intergovernmental	55,804	39,355	95,159
Earnings on Investments	177	0	177
Miscellaneous	6,122	22,680	28,802
Total Cash Receipts	<u>391,757</u>	<u>181,241</u>	<u>572,998</u>
Cash Disbursements:			
Current Disbursements:			
General Government	113,457	0	113,457
Public Safety	318,766	195,676	514,442
Debt Service:			
Principal Retirement	25,326	0	25,326
Interest and Fiscal Charges	5,245	0	5,245
Total Cash Disbursements	<u>462,794</u>	<u>195,676</u>	<u>658,470</u>
Excess Receipts (Under) Disbursements	<u>(71,037)</u>	<u>(14,435)</u>	<u>(85,472)</u>
Other Financing Receipts (Disbursements):			
Transfers In	28,500	0	28,500
Transfers Out	0	(28,500)	(28,500)
Loan Proceeds	0	123,122	123,122
Total Other Financing Receipts (Disbursements)	<u>28,500</u>	<u>94,622</u>	<u>123,122</u>
Net Change in Fund Cash Balance	(42,537)	80,187	37,650
Fund Cash Balances, January 1	<u>171,016</u>	<u>118,535</u>	<u>289,551</u>
Fund Cash Balances, December 31:			
Restricted	0	198,722	198,722
Assigned	114,030	0	114,030
Unassigned	14,449	0	14,449
Fund Cash Balances, December 31	<u>\$128,479</u>	<u>\$198,722</u>	<u>\$327,201</u>

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
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Camden Somers Fire and Rescue Protection District, Preble County, (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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund: Fire and Rescue, Ambulance and EMS Services.

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. 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 approve estimated resources.

3 Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

E. Capital Assets

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

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Non-spendable - The District classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$420,211	\$420,257	\$46
Special Revenue	300,288	304,363	4,075
Total	<u>\$720,499</u>	<u>\$724,620</u>	<u>\$4,121</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$573,021	\$462,794	\$110,227
Special Revenue	242,210	224,176	18,034
Total	<u>\$815,232</u>	<u>\$686,970</u>	<u>\$128,262</u>

4. DEPOSITS AND INVESTMENTS

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

	2015
Demand deposits	<u>\$327,201</u>
Total deposits	<u>\$327,201</u>

Deposits

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

5. TAXES

Property Taxes

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Some 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. OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

B. Social Security

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

8. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
SNB Loan EMS Vehicle	\$123,122	3.75%
US Bank Equipment Lease	49,522	0.00%
Stryker Flex Financial Equipment Lease	9,795	0.00%
Total	\$182,439	

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 installments of \$24,594, including interest, over a period of ten years. The loan is collateralized by the pumper truck. This loan was paid in full during 2015 with a final principal payment of \$25,326.

The District obtained a loan for \$123,122 in 2015 for the purpose of purchasing a new ambulance truck. The loan is being repaid in annual installments of \$20,327, including interest over a period of seven years. The loan is collateralized by the ambulance truck.

Leases

The District leases equipment under non-cancelable leases. The District disbursed \$33,955 to pay lease costs for the year ended December 31, 2015.

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

Year ending December 31:	SNB Loan EMS Vehicle	US Bank Equipment Lease	Stryker Flex Financial Equipment Lease
2016	\$20,327	\$10,246	\$3,265
2017	20,327	10,246	3,265
2018	20,327	10,246	3,265
2019	20,327	10,246	0
2020	20,327	8,538	0
2021-2025	40,654	0	0
Total	\$142,289	\$49,522	\$9,795

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
P.O. Box 206
Camden, Ohio 45311

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Camden Somers Fire and Rescue Protection District, Preble County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2018, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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, opining 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 we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2018

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness - Financial Statement Misstatements

The District presented its 2016 and 2015 financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. The following errors noted in the District's financial statements were determined to be qualitatively or quantitatively material and required audit adjustments to properly present the District's financial activity:

- In 2015, the District posted loan proceeds of \$123,122 in the Special Revenue Fund to Other Financing Sources. These monies should have been posted to Loan Proceeds.
- In 2016, lease payments of \$13,511 were posted to Debt Service Principal rather than as part of Public Safety expenditures in the Special Revenue Fund.
- Governmental Accounting Standards Board (GASB) Statement Number 54 (GASB Codification 1800) was not accurately applied when classifying the December 31, 2016 and 2015 fund balances. These misclassifications are noted below:
 - The District failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year for the General Fund. For 2015 appropriations exceeded estimated receipts in the subsequent year in the amount of \$114,030. This amount should have been reported as General Fund assigned fund balance rather than unassigned fund balance.
 - For 2015 the District incorrectly reported the Special Revenue Fund balance of \$198,722 as assigned rather than restricted.

Failure to properly post financial activity to the accounting system could result in inaccurate financial statements. Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The District should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly. The District should also follow the guidance in Auditor of State Bulletin 2011-004 for GASB 54 classifications.

Official's Response:

The Fire District acknowledges the adjustments noted in this comment.

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Dave Yost • 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
APRIL 5, 2018**