



Dave Yost • Auditor of State



**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

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# Dave Yost • Auditor of State

Miami Valley Fire/EMS Alliance  
Montgomery County  
444 West Third Street, Suite 20-231  
Dayton, Ohio 45402

To the Board of Directors:

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 Alliance 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 black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

May 29, 2013

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Miami Valley Fire/EMS Alliance  
Montgomery County  
444 West Third Street, Suite 20-231  
Dayton, Ohio 45402

To the Board of Directors:

We have audited the accompanying financial statements of Miami Valley Fire/EMS Alliance, Montgomery County, (the Alliance) as of and for the year ended September 30, 2012. These financial statements are the responsibility of the Alliance's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Alliance 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 Alliance's larger (i.e. major) funds separately. While the Alliance 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 Alliances to reformat their statements. The Alliance 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 year ended September 30, 2012 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Alliance as of September 30, 2012, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Miami Valley Fire/EMS Alliance, Montgomery County, as of September 30, 2012, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2012, the Alliance adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2013, on our consideration of the Alliance'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.

We conducted our audit to opine on the Alliance's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**Dave Yost**  
Auditor of State

May 29, 2013



**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$2,000	\$1,869,566	\$1,871,566
Membership Fees	117,255		117,255
Earnings on Investments	1,028	116	1,144
Entry Level Test	1,951		1,951
CPAT Income	10,115		10,115
Donations		72	72
Other Revenue	24,900	11,656	36,556
Total Cash Receipts	<u>157,249</u>	<u>1,881,410</u>	<u>2,038,659</u>
<b>Cash Disbursements:</b>			
General Government	185,376	1,864,529	2,049,905
Repayment of debt	175,000		175,000
Total Disbursements	<u>360,376</u>	<u>1,864,529</u>	<u>2,224,905</u>
Total Receipts Over/(Under) Disbursements	<u>(203,127)</u>	<u>16,881</u>	<u>(186,246)</u>
Fund Cash Balances, October 1	<u>364,153</u>	<u>144,021</u>	<u>508,174</u>
<b>Fund Cash Balances, September 30:</b>			
Restricted		117,471	117,471
Committed		43,431	43,431
Unassigned (Deficit)	161,026		161,026
Fund Cash Balances, September 30	<u>\$161,026</u>	<u>\$160,902</u>	<u>\$321,928</u>

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

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Fiduciary Fund</u>
<b>Cash Receipts:</b>	
Donations	\$104
Other Revenue	675
Total Cash Receipts	<u>779</u>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
General Government	1,442
Total Disbursements	<u>1,442</u>
Total Receipts Over/(Under) Disbursements	<u>(663)</u>
Fund Cash Balances, October 1	<u>903</u>
Fund Cash Balances, September 30	<u><u>\$240</u></u>

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

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Miami Valley Fire/EMS Alliance, Montgomery County, (the Alliance), has been established as a Regional Council of Governments pursuant to the constitution and laws of Ohio, including, but not limited to Ohio Revised Code Chapter 167. The purpose of the Board hereby established is to foster cooperation among the political subdivisions through the establishment of an organization, which will promote programs and recommend matters, which will result in more efficient methods of delivering fire and emergency medical services in the region. By-Laws were adopted on February 8, 1995. Ultimate authority of the Alliance shall be vested in a Fire/EMS Alliance Board. The Board consists of a representative from each political subdivision that has paid the "per capita" fee assessed against it or has contractually paid the "per capita" fee assessed against another political subdivision from which it receives Fire/EMS services. Each political subdivision may have one delegate and one alternate to the Board who shall be appointed by the legislative authority of said political subdivision.

The Alliance also assumed the duties as fiscal administrator for Ohio Task Force 1, Region 3 Rescue Strike Team and Miami Valley Fire/EMS Corporation.

The Alliance's management believes these financial statements present all activities for which the Alliance 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 Alliance recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**C. Deposits and Investments**

The Alliance values Certificates of Deposit at cost.

**D. Fund Accounting**

The Alliance uses fund accounting to segregate cash and investments that are restricted as to use. The Alliance classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for resources (other than from private-purpose trusts or capital projects) that are restricted to expenditures for specific purposes. The Alliance had the following significant Special Revenue Funds:

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(Continued)**

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

**Ohio Task Force 1** is one of 28 National Urban Search and Rescue Task Forces administered through FEMA. The mission of the Task Force is to provide a resource capable of locating, extricating, and providing medical care for victims entrapped in collapsed structures and to protect emergency responders when such an entrapment or protection exceeds the local emergency responders' operational capability.

**Ohio Region 3 Rescue Strike Team** was created to provide local and regional rescue response capability in the Greater Dayton area and the eight counties within Ohio Homeland Security Planning Region 3. The Strike Team is one of eight projected State of Ohio regional strike teams. The mission of the Strike Team is to provide a resource capable of locating, extricating, and providing medical care for victims entrapped in collapsed structures, trenches, confined spaces, elevated areas, etc., and to protect emergency responders when such an entrapment or rescue exceeds local responders' operational capabilities.

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Alliance's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Alliance disburses these funds as directed by the individual, organization or other government. The Alliance's agency fund accounts for the Miami Valley Fire/EMS Corporation.

**E. Budgetary Process**

Ohio Revised Code Chapter 167 does not address the budgetary process of Regional Council of Governments but allows the government to adopt by-laws that may address budgetary matters. The Alliance's by-laws require that the Alliance Board must adopt an Annual Budget. This budget is to be prepared by the Executive Director for the fiscal year beginning in the next October 1 and submitted to the Alliance Board two weeks prior to the last quarterly meeting for approval.

**F. Fund Balance**

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

**1. Non-spendable**

The Alliance classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. 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.

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(Continued)**

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

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The Alliance must adhere to these commitments unless the Board amends 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.

**4. 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 the Alliance's Board or an Alliance official delegated that authority by resolution, or by State Statute.

**5. 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 Alliance 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.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET ASSETS/FUND EQUITY**

For fiscal year 2012, the Alliance reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Alliance maintains a cash and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at September 30 was as follows:

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(Continued)**

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

	<b>2012</b>
Demand deposits	\$197,219
Certificates of deposit	124,949
Total deposits	\$322,168

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**4. DEBT**

The changes in the Alliance's long-term obligations during fiscal year end 2012 were as follows:

<b>Long-Term Obligation</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>End Balance</b>
Promissory Note – Line of Credit	\$175,000	\$0	\$175,000	\$0

The Alliance opened a Promissory Note (Line of Credit) with Security National Bank on November 19, 2008. The principal amount authorized is \$200,000. However, only \$175,000 was utilized and the proceeds were received during fiscal year 2011. The Line of Credit was established to pay deployment costs for the Ohio Task Force One (OH-TF 1) for deployments during the hurricane season. The Line of Credit outstanding balance of \$175,000 was paid in full on December 1, 2011. The total amount of interest paid during the year was zero.

**5. RETIREMENT SYSTEMS**

The Alliance's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. OPERS member employees contributed 10% of their gross salaries. The Alliance contributed an amount equal to 14% of the participants' gross salaries. The Alliance has paid all contributions required through September 30, 2012.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Alliance has obtained commercial insurance for the following risks:

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

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2012  
(Continued)**

**7. DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM**

As of January 1, 2003, the Miami Valley Fire/EMS Alliance is the fiscal agent for the Dayton Regional Hazardous Materials Response Team. Transactions for the Dayton Regional Hazardous Materials Response Team are not included in the attached financial statements. A separate report is available by contacting the Alliance at 444 West Third Street, Suite 20-231, Dayton, Ohio 45402 or by telephone at (937) 512-5103.

**8. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Alliance are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
(Direct Receipt)			
National Urban Search and Rescue (US&R) Response System		97.025	
Hurricane Irene	EMW-2008-CA-1492-M010		\$721,041
Hurricane Isaac	EMW-2008-CA-1492-M014		1,021
Federal Emergency Management Agency (FEMA) 10 Grant	2010-SR-24-K031		343,600
Federal Emergency Management Agency (FEMA) 11 Grant	EMW-CA-2011-K00040		735,428
Federal Emergency Management Agency (FEMA) 12 Grant	EMW-CA-2012-K00013		14,026
Total U.S. Department of Homeland Security			<u>\$1,815,116</u>

*The accompanying notes are an integral part of this Schedule.*

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Miami Valley Fire/EMS Alliance's (the Alliance's) federal award programs' expenditures. The Schedule has been prepared on the cash basis of accounting.



# Dave Yost • Auditor of State

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

Miami Valley Fire/EMS Alliance  
Montgomery County  
444 West Third Street, Suite 20-231  
Dayton, Ohio 45402

To the Board of Directors:

We have audited the financial statements of Miami Valley Fire/EMS Alliance, Montgomery County, (the Alliance) as of and for the year ended September 30, 2012, and have issued our report thereon dated May 29, 2013 wherein we noted the Alliance followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and adopted the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 Alliance's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Alliance's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Alliance'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2012-01 and 2012-02 described in the accompanying schedule of findings to be material weaknesses.

### Compliance and Other Matters

As part of reasonably assuring whether the Alliance's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Alliance's management in a separate letter dated May 29, 2013.

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

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, federal awarding agencies, and pass-through entities and others within the Alliance. We intend it for no one other than these specified parties.



**Dave Yost**  
Auditor of State

May 29, 2013



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Miami Valley Fire/EMS Alliance  
Montgomery County  
444 West Third Street, Suite 20-231  
Dayton, Ohio 45402

To the Board of Directors:

### Compliance

We have audited the compliance of Miami Valley Fire/EMS Alliance (the Alliance) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Miami Valley Fire/EMS Alliance's major federal program for the year ended September 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Alliance's major federal program. The Alliance's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Alliance's compliance based on our audit.

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

In our opinion, the Miami Valley Fire/EMS Alliance complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended September 30, 2012.

### Internal Control Over Compliance

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

**Internal Control Over Compliance  
(Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, others within the entity, and federal awarding agencies. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

May 29, 2013

**MIAMI VALLEY FIRE/EMS ALLIANCE  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
SEPTEMBER 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #97.025 – National Urban Search and Rescue (US&R) Response System
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2012-01**

**Material Weakness – Financial Reporting**

**Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions***, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

The requirements of this statement are effective for financial statements for periods beginning after June 15, 2010 and are applicable to all local governments preparing OCBOA and regulatory statements.

The Alliance did not implement the requirements of this statement in 2012 therefore; the following adjustments were made to the client's fund balance classifications and are reflected in the financial statements:

- The \$161,026 ending balance in the general fund was classified as unassigned
- The \$117,471 ending balance attributable to the Ohio Task Force 1 in special revenue funds was classified as restricted due to external funding restrictions
- The \$43,431 ending balance attributable to the Strike Team in special revenue funds was classified as committed due to constraints placed on the fund by the Board
- The Fiduciary fund was moved to a separate statement as fiduciary funds are not subject to GASB 54

The Alliance should review and implement Auditor of State Bulletin 2011-004 and GASB 54, to determine and present the governmental fund balances in accordance with current guidance.

**Officials' Response:**

Implementation of GASB 54 and continued monitoring of this standard would be cost prohibitive to the Alliance. The Alliance has extremely strict internal control policies regarding the classifications of funds. At the end of the year, Alliance management - with assistance from the AOS - determines the proper presentations of the fund balances in accordance with GASB 54.

**FINDING NUMBER 2012-02**

**Material Weakness – Accuracy of Financial Reporting**

The Alliance should have procedures in place to help assure that the annual financial statements are complete and accurate. The following adjustments and classification errors were identified in the financial statements:

- Accruals of \$463 in the general fund and \$11,960 in the special revenue fund were improperly recorded with general government expenditures in the financials. These accruals do not reflect cash activity which is the basis of the financial statements.
- Non-Budget Items of \$40,595 were recorded in the special revenue funds. These items represent anticipated receipts and disbursements and not actual cash activity.
- The Alliance paid off a line of credit balance of \$175,000 from the general fund during the period. This cash disbursement was recorded on the general ledger but was not presented on the cash basis financial statement.



- The Alliance paid all salaries and benefits from the General fund and was then reimbursed by the various special revenue funds for the portion of salaries attributable to the Ohio Task Force 1. \$413,544 of reimbursement receipts and related general government expenditures were reported in the general fund and should have been eliminated to avoid double-recording of these transactions.

Errors in the financial statements inhibit the users understanding of the results of operations and may result in the material misstatement of financial statements. The accompanying financial statements have been adjusted for the errors identified above.

Procedures should be implemented to determine that all cash-basis activity is properly recorded in the financial statements. Without such procedures, the Alliance is at risk of materially misstating future financial statements that could lead to decisions being based on inappropriate financial information. Resources such as those found on the Auditor of State web site should be utilized when recording transactions and preparing the annual financial statements.

**Officials' Response:**

Each of the issues presented in the AOS report are a result of the internal accounting policies previously adopted by the Alliance Board to monitor funds and track budgets. The Alliance management team does not believe there is any cause for concern with the findings. Implementation of procedures to eliminate the issues presented in the AOS report would be cost prohibitive

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None noted.

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# Dave Yost • Auditor of State

**MIAMI VALLEY FIRE EMS ALLIANCE**

**MONTGOMERY 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  
JUNE 20, 2013**