

***AUGLAIZE COUNTY OFFICE OF HOMELAND
SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Executive Committee
Auglaize County Office of Homeland Security and Emergency Management
209 S. Blackhoof Street
Wapakoneta, Ohio 43895

We have reviewed the *Report of Independent Accountants* of the Auglaize County Office of Homeland Security and Emergency Management, Auglaize County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Auglaize County Office of Homeland Security and Emergency Management is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 27, 2012

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AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2011 & 2010

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Auglaize County Office of Homeland Security
and Emergency Management
Auglaize County
209 S. Blackhoof Street
Wapakoneta, Ohio 43895

To the Executive Committee:

We have audited the accompanying financial statements of the Auglaize County Office of Homeland Security and Emergency Management, Auglaize County, Ohio (the Agency), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Agency'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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Agency 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.

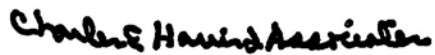
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Agency's larger (i.e. major) funds separately. While the Agency does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Agency 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, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Agency as of December 31, 2011 and 2010, 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 as of December 31, 2011 and 2010 of the Auglaize County Office of Homeland Security and Emergency Management, Auglaize County, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

As described in Note 7, during 2010 the Agency adopted Governmental 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 June 21, 2012, on our consideration of the Agency'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.



Charles E. Harris & Associates, Inc.

June 21, 2012

AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types		Total- Memorandum Only
	General	Special Revenue	
Receipts:			
Grants	\$ 49,810	\$ 97,073	\$ 146,883
Fees Charged to Subdivisions	54,622	-	54,622
Donations	40	-	40
Other Receipts	35,463	665	36,128
Total Receipts	139,935	97,738	237,673
Disbursements:			
Salaries	65,270	20,580	85,850
Fringes	42,323	14,220	56,543
Equipment	854	16,336	17,190
Project Equipment	3,573	1,737	5,310
Contractual Services	21,584	6,887	28,471
Supplies and Materials	9,323	26,818	36,141
Cost Allocation	4,000	-	4,000
Miscellaneous	156	833	989
Total Disbursements	147,083	87,411	234,494
Total Receipts Over/(Under) Disbursements	(7,148)	10,327	3,179
Other Financing Sources(Uses):			
Transfers in	-	1,000	1,000
Transfers out	(1,000)	-	(1,000)
Total Other Financing Sources(Uses)	(1,000)	1,000	-
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(8,148)	11,327	3,179
Fund Cash Balance, January 1, 2011	67,072	10,477	77,549
Fund Cash Balances:			
Restricted	-	21,804	21,804
Unassigned	58,924	-	58,924
Fund Cash Balance, December 31, 2011	\$ 58,924	\$ 21,804	\$ 80,728

See Accompanying Notes to The Financial Statements.

AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010

	<u>Governmental Fund Types</u>		<u>Total- Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Grants	\$ 43,921	\$ 195,364	\$ 239,285
Fees Charged to Subdivisions	73,433	-	73,433
Other Receipts	30,007	1,539	31,546
Total Receipts	<u>147,361</u>	<u>196,903</u>	<u>344,264</u>
Disbursements:			
Salaries	63,056	19,321	82,377
Fringes	35,900	12,978	48,878
Equipment	3,818	85,054	88,872
Project Equipment	1,630	7,788	9,418
Contractual Services	5,271	49,055	54,326
Supplies and Materials	6,609	20,553	27,162
Miscellaneous	4,822	11,622	16,444
Total Disbursements	<u>121,106</u>	<u>206,371</u>	<u>327,477</u>
Total Receipts Over/(Under) Disbursements	26,255	(9,468)	16,787
Fund Cash Balance, January 1, 2010	<u>40,817</u>	<u>19,945</u>	<u>60,762</u>
Fund Cash Balances:			
Restricted	-	10,477	10,477
Unassigned	67,072	-	67,072
Fund Cash Balance, December 31, 2010	<u>\$ 67,072</u>	<u>\$ 10,477</u>	<u>\$ 77,549</u>

See Accompanying Notes to The Financial Statements.

**AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 for the Auglaize County Office of Homeland Security and Emergency Management (EMA), Auglaize County (the Agency), as a body corporate and politic. A twenty-five member Advisory Committee is responsible for the development of a county-wide emergency operation plan and is responsible for appointing an Executive Committee who governs the Agency pursuant to Ohio Revised Code Section 5502.26. The Executive Committee is responsible for the appointment of a Coordinator who is responsible for coordinating, organizing, administering, and operating emergency management in accordance with the Agency's plan.

The Agency's management believes these financial statements present all activities for which the Agency 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 Agency 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. Deposits and Investments

As the Ohio Revised Code permits, the Auglaize County Treasurer holds the Agency's deposits as the Agency's custodian. The County holds the Agency's assets in its investment pool, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The Agency uses fund accounting to segregate cash that is restricted as to use. The Agency classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

PSIC – This fund receives Federal grant money passed through the Ohio Emergency Management Agency for the purchase of equipment.

EMPG – This fund receives Federal grant money passed through the Ohio Emergency Management Agency for administrative expenses.

**AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Although there is no legal requirement to prepare a budget, the Agency budgets each fund annually. The County Auditor acts as fiscal agent, and the Agency follows the budgetary procedures required by the County.

1. Appropriations

The Executive Committee annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Agency reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2011 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Agency must observe constraints imposed upon the use of its governmental-fund resources.

- 1. Nonspendable-** The Agency 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 external 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.
- 3. Committed-** The Executive Committee can commit amounts via formal action (resolution). The Agency must adhere to these commitments unless the Committee 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.
- 4. Assigned-** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict 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 Executive Committee.

**AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. FUND BALANCE-(Continued)

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 Agency 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 Agency 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. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The County Treasurer maintains a cash and investment pool used by all County funds. The carrying amount for the Agency's portion of cash and investments as of December 31, 2010 and December 31, 2011 was as follows:

	<u>2011</u>	<u>2010</u>
County Treasury	<u>\$80,728</u>	<u>\$77,549</u>

Deposits:

Deposits held by the Auglaize County Treasurer are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the County or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2011 follows:

Fund Type	2011 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 165,016	\$ 139,935	\$ (25,081)
Special Revenue	251,022	98,738	(152,284)
Total	<u>\$416,038</u>	<u>\$238,673</u>	<u>(\$177,365)</u>

**AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 158,128	\$ 148,083	\$ 10,045
Special Revenue	257,038	87,411	169,627
Total	\$415,166	\$235,494	\$179,672

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 150,101	\$ 147,361	\$ (2,740)
Special Revenue	321,291	196,903	(124,388)
Total	\$471,392	\$344,264	(\$127,128)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 133,485	\$ 121,106	\$ 12,379
Special Revenue	299,424	206,371	93,053
Total	\$432,909	\$327,477	\$105,432

4. SUBDIVISION ASSESSMENTS

The subdivision fees are assessed annually and are apportioned to each subdivision according to the last available census. Each subdivision was assessed \$.70 per capita in 2010 and 2011 to fund the general operations of the Agency.

5. RETIREMENT SYSTEM

The Agency's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2011, OPERS members contributed 10 percent of their gross salaries. The Agency contributed an amount equal to 14 percent of participants' gross salaries in 2010 and 2011. The Agency has paid all contributions required through December 31, 2011.

6. RISK MANAGEMENT

The Agency is insured by the County through a cost allocation plan for the following risks:

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

**AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

6. RISK MANAGEMENT (Continued)

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years.

7. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Agency implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

8. CONTINGENT LIABILITIES

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

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Auglaize County Office of Homeland Security and
Emergency Management
Auglaize County
209 S Blackhoof Street
Wapakoneta, Ohio 43895

To the Executive Committee:

We have audited the financial statements of the Auglaize County Office of Homeland Security and Emergency Management (Auglaize County, Ohio (the Agency), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 21, 2012, wherein we noted the Agency followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Also, we noted the Village implemented GASB Statement No. 54 in 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Agency's internal control over financial reporting.

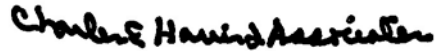
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Agency'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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Executive Committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive style.

Charles E. Harris and Associates, Inc.

June 21, 2012

STATUS OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ended December 31, 2009, reported no material citations or recommendations.



Dave Yost • Auditor of State

AUGLAIZE COUNTY OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

AUGLAIZE 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
OCTOBER 11, 2012**