



Dave Yost • Auditor of State

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016.....	3
Notes to the Financial Statements for the Year Ended December 31, 2016	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	9
Notes to the Financial Statements for the Year Ended December 31, 2015	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Emergency Management Agency
Monroe County
47069 State Route 26
Woodsfield, Ohio 43793

To the Members of the Agency:

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 Emergency Management Agency, Monroe County, Ohio (the Agency), 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 § 117.38 and Ohio Administrative Code § 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 Agency'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 Agency's internal control. Accordingly, we express no 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 Agency prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 Agency 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 § 117.38 and Ohio Administrative Code § 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 Agency as of December 31, 2016 and 2015, or 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 combined cash balances of the Emergency Management Agency, Monroe County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 June 29, 2017, 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. 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 Agency's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2017

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$79,607	\$16,371	\$95,978
Licenses, Permits and Fees	2,313	0	2,313
Township/Village Contracts	15,197	0	15,197
Oil and Gas Company Donations	4,688	0	4,688
Miscellaneous	9,300	0	9,300
<i>Total Cash Receipts</i>	<u>111,105</u>	<u>16,371</u>	<u>127,476</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	51,822	12,398	64,220
Fringe Benefits	7,589	1,966	9,555
Insurance (Health)	13,304	0	13,304
Workers Comp	666	199	865
Materials and Supplies	858	0	858
Equipment	1,703	0	1,703
Contracts	0	493	493
Other	23,089	2,500	25,589
<i>Total Cash Disbursements</i>	<u>99,031</u>	<u>17,556</u>	<u>116,587</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>12,074</u>	<u>(1,185)</u>	<u>10,889</u>
<i>Fund Cash Balances, January 1</i>	<u>7,600</u>	<u>9,822</u>	<u>17,422</u>
Fund Cash Balances, December 31:			
Restricted	0	8,637	8,637
Unassigned (Deficit)	19,674	0	19,674
<i>Fund Cash Balances, December 31</i>	<u>\$19,674</u>	<u>\$8,637</u>	<u>\$28,311</u>

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

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Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The Monroe County Emergency Management Agency was organized under Section 5502.27 of the Revised Code to establish a program for a county wide emergency management operation. The Agency has a director for organizing, administering, and operating emergency management in accordance with the agency's established program.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency'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.

Fund Accounting

The Agency 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 Agency are presented below:

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 Agency for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Agency had the following significant Special Revenue Fund:

LEPC (Local Emergency Planning Committee) – This fund receives funding through the SERC (State Emergency Response Commission). Funds are specifically used for salary and fringes associated with running the program.

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 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Agency to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Cash and Investments

The Agency designated the Monroe County Commissioners as the fiscal agent for all funds received in the name of the Agency. Deposits of monies are made with the Monroe County Treasurer and fund expenditures and balances are reported through the Monroe County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

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.

Fund Balance

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

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.

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.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,741	\$111,105	\$9,364
Special Revenue	14,000	16,371	2,371
Total	\$115,741	\$127,476	\$11,735

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,179	\$99,031	\$9,148
Special Revenue	19,505	17,556	1,949
Total	\$127,684	\$116,587	\$11,097

Note 4 – Cash and Investments

The Monroe County Auditor maintains a cash and investments pool used by all of the Monroe County Auditor's funds, including those of the Agency. The Ohio Revised Code prescribes allowable deposits and investments and the Monroe County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

	2016
Demand deposits	\$28,311

Monroe County is responsible for maintaining adequate depository collateral for all funds in the pooled and deposit accounts. All risks associated with the above deposits are the responsibility of Monroe County.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Agency pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 Agency contributed an amount equaling 14%, of participants' gross salaries. The Agency has paid all contributions required through December 31, 2016.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Agency 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.

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$54,370	\$14,460	\$68,830
Licenses, Permits and Fees	864	0	864
Township/Village Contracts	12,864	0	12,864
Oil and Gas Company Donations	12,606	0	12,606
Miscellaneous	8,074	34	8,108
<i>Total Cash Receipts</i>	<u>88,778</u>	<u>14,494</u>	<u>103,272</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	42,050	12,602	54,652
Fringe Benefits	6,547	1,970	8,517
Insurance (Health)	4,163	4,290	8,453
Workers Comp	745	118	863
Materials and Supplies	994	0	994
Equipment	1,757	0	1,757
Contracts	9,300	475	9,775
Other	18,204	0	18,204
<i>Total Cash Disbursements</i>	<u>83,760</u>	<u>19,455</u>	<u>103,215</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>5,018</u>	<u>(4,961)</u>	<u>57</u>
<i>Fund Cash Balances, January 1</i>	<u>2,582</u>	<u>14,783</u>	<u>17,365</u>
Fund Cash Balances, December 31:			
Restricted	0	9,822	9,822
Unassigned (Deficit)	7,600	0	7,600
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,600</u></u>	<u><u>\$9,822</u></u>	<u><u>\$17,422</u></u>

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

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Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

The Monroe County Emergency Management Agency was organized under Section 5502.27 of the Revised Code to establish a program for a county wide emergency management operation. The Agency has a director for organizing, administering, and operating emergency management in accordance with the agency's established program.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Agency'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.

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LEPC (Local Emergency Planning Committee) – This fund receives funding through the SERC (State Emergency Response Commission). Funds are specifically used for salary and fringes associated with running the program.

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.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Commissioners must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Agency to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 budgetary activity appears in Note 3.

Cash and Investments

The Agency designated the Monroe County Commissioners as the fiscal agent for all funds received in the name of the Agency. Deposits of monies are made with the Monroe County Treasurer and fund expenditures and balances are reported through the Monroe County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

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.

Fund Balance

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

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.

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.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,467	\$88,778	(\$2,689)
Special Revenue	12,559	14,494	1,935
Total	\$104,026	\$103,272	(\$754)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,352	\$83,760	\$5,592
Special Revenue	21,210	19,455	1,755
Total	\$110,562	\$103,215	\$7,347

Note 4 – Cash and Investments

The Monroe County Auditor maintains a cash and investments pool used by all of the Monroe County Auditor's funds, including those of the Agency. The Ohio Revised Code prescribes allowable deposits and investments and the Monroe County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

	2015
Demand deposits	\$17,422

Monroe County is responsible for maintaining adequate depository collateral for all funds in the pooled and deposit accounts. All risks associated with the above deposits are the responsibility of Monroe County.

Emergency Management Agency
Monroe County

Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Note 5 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Agency pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Note 6 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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 Agency contributed an amount equaling 14%, of participants' gross salaries. The Agency has paid all contributions required through December 31, 2015.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Agency 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.



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

Emergency Management Agency
Monroe County
47069 State Route 26
Woodsfield, Ohio 43793

To the Members of the Agency:

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 the Emergency Management Agency, Monroe County, Ohio (the Agency), 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 June 29, 2017, wherein we noted the Agency followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Agency'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 Agency'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 Agency'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 2016-002 to be a material weakness.

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, 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2016-001.

Agency's Response to Findings

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

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 Agency's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

June 29, 2017

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Noncompliance

Ohio Rev. Code § 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days after the close of the fiscal year. The Auditor of State (AOS) may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The AOS may waive these penalties, upon the filing of the past due financial report.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office shall publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Agency did not file its 2016 and 2015 reports with the AOS until April 11, 2017 and October 1, 2016, respectively. Failure to file the annual financial report within 60 days of the fiscal year-end can result in fines and penalties.

In addition, the financial statements filed in the HINKLE system contained mathematical errors and the notes to the financial statements required significant revision.

The Agency should file complete and accurate annual financial reports with the Auditor of State within 60 days of the fiscal year end.

Officials' Response: This is our first audit of this type and we are aware there may be some mistakes. We will work to make the proper corrections as we move forward having a separate audit done for our office. Also we will work to make sure all forms are filled out correctly.

FINDING NUMBER 2016-002

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Agency did not have control procedures in place to ensure the accuracy of the Director's receipt and expenditure line item account postings. Throughout the period, receipts and expenditures were not always posted to the accurate receipt and expenditure classifications based upon the source of the receipt and the nature of the expenditure.

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

The Agency posted the following in 2016:

- Intergovernmental receipt in the amount of \$35,000 was posted as Transfers-In instead of Intergovernmental within the General Fund.
- Intergovernmental receipt in the amount of \$1,447 was posted as Miscellaneous Revenue instead of Intergovernmental within the General Fund.
- Rent reimbursement receipts in the amount of \$3,875 were posted as Intergovernmental instead of Miscellaneous Revenue within the General Fund.
- Floodplain permits in the amount \$2,313 were posted to Miscellaneous Revenue instead of Licenses, Permits and Fees within the General Fund.
- Public Employee Retirement System contributions in the amount of \$6,838 were posted to Principal Retirement instead of Fringe Benefits within the General Fund.
- Intergovernmental receipt in the amount of \$2,500 was posted as Transfers-In in the amount of \$25,000 instead of Intergovernmental within the Special Revenue Fund and the subsequent repayment to Monroe County in the amount of \$2,500 was not posted at all.
- Public Employee Retirement System contributions in the amount of \$1,786 were posted to Principal Retirement instead of Fringe Benefits within the Special Revenue Fund.

The Agency posted the following in 2015:

- Intergovernmental receipt in the amount of \$25,000 was posted as Transfers-In instead of Intergovernmental within the General Fund.
- Floodplain permits in the amount \$864 were posted to Miscellaneous Revenue instead of Licenses, Permits, and Fees within the General Fund.
- Public Employee Retirement System contributions in the amount of \$5,937 were posted to Principal Retirement instead of Fringe Benefits within the General Fund.
- Workers Compensation Refund in the amount of \$34 was not posted to Miscellaneous Revenue in the Special Revenue Fund.
- Public Employee Retirement System contributions in the amount of \$1,787 were posted to Principal Retirement instead of Fringe Benefits within the Special Revenue Fund.

The Agency did not properly classify its December 31, 2016 and 2015 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

Financial statement errors identified for the year ended December 31, 2016 are as follows:

- The General Fund cash fund balance should have been reflected as Unassigned Fund Balance in the amount of \$19,674.
- The Special Revenue Fund cash fund balance should have been reflected as Restricted Fund Balance in the amount of \$8,637.

**EMERGENCY MANAGEMENT AGENCY
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-002 (Continued)

Material Weakness (Continued)

Financial statement errors identified for the year ended December 31, 2015 are as follows:

- The General Fund cash fund balance should have been reflected as Unassigned Fund Balance in the amount of \$7,600.
- The Special Revenue Fund cash fund balance should have been reflected as Restricted Fund Balance in the amount of \$9,822.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following posting errors in 2016 and 2015:

- In 2016, expenditures in the amount of \$775 were posted as Other instead of Contracts within the General Fund.
- In 2016, expenditures in the amount of \$222 were posted as Contracts instead of Materials and Supplies within the Special Revenue Fund.
- In 2015, expenditures in the amount of \$284 were posted as Contracts instead of Materials and Supplies within the Special Revenue Fund.

As these errors are not significant to the opinion units affected in 2016 and 2015, the adjustments noted above were agreed to by management but will not be posted to the financial statements.

The Director should develop internal control procedures and utilize available authoritative resources to ensure the financial statements of the Agency accurately classify and record all receipt and expenditure transactions and cash fund balances. The Agency may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

Officials' Response: This is our first audit of this type and we are aware there may be some mistakes. We will work to make the proper corrections as we move forward having a separate audit done for our office. Also we will work to make sure all forms are filled out correctly.

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Dave Yost • Auditor of State

MONROE COUNTY EMERGENCY MANAGEMENT AGENCY

MONROE 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
JULY 11, 2017**