



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Office of Homeland Security and Emergency Management
Darke County
5185 County Home Road
Greenville, Ohio 45331

To the Members of the Executive Committee:

We have audited the accompanying financial statements of the Office of Homeland Security and Emergency Management, Darke County, (the Agency), as of and for the years ended December 31, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Agency prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Office of Homeland Security and Emergency Management as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2004, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Executive Committee, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, 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 "Betty Montgomery". The signature is written in a cursive style with a large, prominent initial "B".

Betty Montgomery
Auditor of State

May 11, 2004

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$222,244	\$11,920	\$234,164
Special Assessments	10,661		10,661
Gifts and Donations	500		500
Miscellaneous Revenue	16,948		16,948
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	250,353	11,920	262,273
Cash Disbursements:			
Salaries and Benefits	100,714		100,714
Equipment	119,696		119,696
Contracts and Repair	34,049		34,049
Administration	1,375		1,375
Utilities	5,678		5,678
Travel	1,282		1,282
Supplies	1,945		1,945
Miscellaneous	2,827		2,827
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	267,566		267,566
Total Receipts Over/(Under) Disbursements	<hr/> (17,213) <hr/>	<hr/> 11,920 <hr/>	<hr/> (5,293) <hr/>
Other Financing Receipts:			
Other Sources	67		67
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	67		67
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> (17,146) <hr/>	<hr/> 11,920 <hr/>	<hr/> (5,226) <hr/>
Fund Cash Balances, January 1	<hr/> 32,185 <hr/>	<hr/> <hr/>	<hr/> 32,185 <hr/>
Fund Cash Balances, December 31	<hr/>\$15,039<hr/>	<hr/>\$11,920<hr/>	<hr/>\$26,959<hr/>
Reserve for Encumbrances	<hr/> \$81 <hr/>	<hr/> <hr/>	<hr/> \$81 <hr/>

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

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

Cash Receipts:	
Intergovernmental	\$102,472
Special Assessments	10,662
Miscellaneous Revenue	<u>48,915</u>
Total Cash Receipts	<u>162,049</u>
 Cash Disbursements:	
Salaries and Benefits	74,117
Equipment	13,229
Contracts and Repair	19,192
Utilities	4,171
Travel	1,738
Supplies	1,900
Miscellaneous	<u>37,016</u>
Total Cash Disbursements	<u>151,363</u>
Total Receipts Over Disbursements	10,686
 Other Financing Receipts:	
Other Sources	<u>221</u>
Total Other Financing Sources	221
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	10,907
Fund Cash Balance, January 1	<u>21,278</u>
Fund Cash Balance, December 31	<u><u>\$32,185</u></u>
Reserve for Encumbrances	<u><u>\$145</u></u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Office of Homeland Security and Emergency Management, Darke County, (the Agency) was organized under Ohio Revised Code Section 5502.26 to establish a program for county wide emergency management operations. The Agency has a seven member executive committee. The executive committee consists of a county commissioner, five chief executives representing the municipal corporations and townships and one non-elected representative. A director is responsible 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.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Agency had the following significant Special Revenue Fund:

Homeland Security Grant Fund - This fund accounts for federal grant monies used for the protection and safety of the County.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

E. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Agency.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Darke County Auditor acts as the fiscal agent for the Office of Homeland Security and Emergency Management and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Agency cannot be determined.

The Darke County Auditor's records indicated the Agency's cash balances as of December 31, 2003, and 2002, were \$26,959 and \$32,185, respectively.

3. RETIREMENT SYSTEMS

The Agency's officials and other employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their wages. The Agency contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Agency has paid all contributions required through December 31, 2003.

4. RISK MANAGEMENT

Commercial Insurance

The Agency has obtained commercial insurance for the following risks:

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

The Agency provides health insurance, dental, and vision coverage to full-time employees through Darke County's policy with Harrington Benefit Services.

5. OPERATING LEASE

The Agency entered into a lease for a 2002 Chevy Blazer through SmartLease by GMAC. The term of the lease period is three years, commencing June 12, 2002, and terminating upon the final payment in June of 2005. The Agency is required to make lease payments of \$422.29 monthly.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Office of Homeland Security and Emergency Management
Darke County
5185 County Home Road
Greenville, Ohio 45331

To the Members of the Executive Committee:

We have audited the accompanying financial statements of the Office of Homeland Security and Emergency Management, Darke County, (the Agency), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 11, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2003-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Agency in a separate letter dated May 11, 2004.

This report is intended solely for the information and use of the management and Executive Committee, 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 "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 11, 2004

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

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Ohio Admin. Code Section 117-2-03 states that pursuant to section 117.38 of the Revised Code, all local public offices must file an annual financial report. Such report shall be filed in accordance with the following:

- Each local public office shall prepare two copies of the report. The original shall be filed with the Auditor of State and the copy shall be retained by the fiscal officer of the local public office. Such reports shall be filed either in paper form or electronically in a manner and format prescribed by the auditor of state.
- All other local public offices who do not prepare their annual reports using generally accepted accounting principals shall file their annual financial reports on the forms provided by the auditor of state. If the Auditor of State has not prescribed an annual financial reporting format for a type of local public office, those public offices shall file financial statements annually with the Auditor of State, using the format used by the local public office.

The Darke County Office of Homeland Security and Emergency Management did not file annual financial reports with the Auditor of State for the years ending December 31, 2003 and 2002.

As stated in Ohio Rev. Code Section 5502.26(C), a countywide emergency management agency shall be considered a county board and shall receive the services of the auditor, treasurer, and prosecuting attorney of the county. The Darke County Office of Homeland Security and Emergency Management should implement policies and procedures and communicate this requirement to the county auditor (their fiscal agent) to improve compliance with the requirement to file annual financial reports.

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**Auditor of State
Betty Montgomery**

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OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT

DARKE 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 10, 2004**