



Dave Yost • Auditor of State



**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Fairfield-Hocking Major Crimes Investigation Unit  
Fairfield County  
734 South Ewing Street  
Lancaster, Ohio 43130

To the Control Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Fairfield-Hocking Major Crimes Investigation Unit, Fairfield County, Ohio (the MCU) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the MCU'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 MCU'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 opinion.

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

As described in Note 1 of the financial statements, the MCU prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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 MCU as of December 31, 2013 and 2012, or changes in financial position 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 Fairfield-Hocking Major Crimes Investigation Unit, Fairfield County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2014, on our consideration of the MCU'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 MCU's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 1, 2014

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Fines & Forfeitures	\$ -	\$ 21,430	\$ 21,430
Intergovernmental	-	225,246	225,246
Gift and Donations	2,258	-	2,258
Seizures	1,331	160,104	161,435
Other	199	579	778
<i>Total Cash Receipts</i>	<u>3,788</u>	<u>407,359</u>	<u>411,147</u>
<b>Cash Disbursements</b>			
Salaries	-	133,228	133,228
Fringe Benefits	-	37,428	37,428
Materials and Supplies	3,393	31,044	34,437
Contractual Services	-	95,211	95,211
Rentals	-	21,900	21,900
Training and Education	-	1,575	1,575
Capital Outlay	-	50,797	50,797
<i>Total Cash Disbursements</i>	<u>3,393</u>	<u>371,183</u>	<u>374,576</u>
<i>Excess of Receipts Over Disbursements</i>	<u>395</u>	<u>36,176</u>	<u>36,571</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	704	110,637	111,341
Transfers Out	-	(111,341)	(111,341)
Advances In	-	110,000	110,000
Advances Out	-	(110,000)	(110,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>704</u>	<u>(704)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	1,099	35,472	36,571
<i>Fund Cash Balances, January 1</i>	<u>14,381</u>	<u>295,804</u>	<u>310,185</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	331,276	331,276
Assigned	5,160	-	5,160
Unassigned	10,320	-	10,320
<i>Fund Cash Balances, December 31</i>	<u>\$ 15,480</u>	<u>\$ 331,276</u>	<u>\$ 346,756</u>

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

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 82
Seizures	39,468
Miscellaneous	<u>20,248</u>
<i>Total Operating Cash Receipts</i>	<u>59,798</u>
<b>Operating Cash Disbursements</b>	
Purchased and Contracted Services	23,850
Other	<u>2,500</u>
<i>Total Operating Cash Disbursements</i>	<u>26,350</u>
<i>Operating Income</i>	33,448
<i>Fund Cash Balance, January 1</i>	<u>229,468</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 262,916</u></u>

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



**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Fines & Forfeitures	\$ -	\$ 3,814	\$ 3,814
Intergovernmental	-	206,895	206,895
Gift and Donations	1,790	25,000	26,790
Seizures	9,000	78,506	87,506
Other	-	194	194
<i>Total Cash Receipts</i>	<u>10,790</u>	<u>314,409</u>	<u>325,199</u>
<b>Cash Disbursements</b>			
Salaries	-	128,034	128,034
Fringe Benefits	-	36,832	36,832
Materials and Supplies	47	15,822	15,869
Contractual Services	-	96,404	96,404
Rentals	-	21,900	21,900
Training and Education	-	1,050	1,050
Capital Outlay	-	90,116	90,116
<i>Total Cash Disbursements</i>	<u>47</u>	<u>390,158</u>	<u>390,205</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,743</u>	<u>(75,749)</u>	<u>(65,006)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	36,311	73,484	109,795
Transfers Out	(63,512)	(46,283)	(109,795)
Advances In	-	40,000	40,000
Advances Out	-	(40,000)	(40,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(27,201)</u>	<u>27,201</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(16,458)</u>	<u>(48,548)</u>	<u>(65,006)</u>
<i>Fund Cash Balances, January 1</i>	<u>30,839</u>	<u>344,352</u>	<u>375,191</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	295,804	295,804
Unassigned	14,381	-	14,381
<i>Fund Cash Balances, December 31</i>	<u>\$ 14,381</u>	<u>\$ 295,804</u>	<u>\$ 310,185</u>

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

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Earnings on Investments	\$ 9
Seizures	227,611
Miscellaneous	<u>16,869</u>
<i>Total Operating Cash Receipts</i>	<u>244,489</u>
<b>Operating Cash Disbursements</b>	
Purchased and Contracted Services	19,509
Other	<u>106</u>
<i>Total Operating Cash Disbursements</i>	<u>19,615</u>
<i>Operating Income</i>	224,874
<i>Fund Cash Balance, January 1</i>	<u>4,594</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 229,468</u></u>

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

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Fairfield-Hocking Major Crimes Investigation Unit, (the MCU) is a regional council of governments, created in 2001 under Ohio Revised Code Section 167.01 as a body corporate and politic. The MCU is governed by two separate Boards. The first of these bodies is a five-member Governing Board that consists of one County Commissioner or designee from each county, and the Mayor, City Manager, or designee from the cities of Lancaster, Pickerington, and Logan. The second body is a seven member Operating Board made up of the Fairfield and Hocking County Sheriffs and Prosecuting Attorneys, as well as the Chiefs of Police from Lancaster, Pickerington, and Logan. The MCU provides additional police protection to the citizens of Fairfield and Hocking counties to reduce the influence and effects of illegal drug trafficking activities, as well as other major crime activities.

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

**B. Accounting Basis**

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 MCU 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.

**C. Deposits and Investments**

The Fairfield County Auditor acts as the fiscal agent for the MCU. The Fairfield County Treasurer is the custodian for the MCU's deposits. Fairfield County's deposit and investment pool holds the MCU's assets, valued at the Treasurer's reported carrying amount. The MCU maintains small amounts of cash and deposits in a commercial bank accounts for its operations. The MCU also maintains separate accounts for monies seized in drug raids, which have not yet been forfeited to the MCU.

**D. Fund Accounting**

The MCU uses fund accounting to segregate cash and investments that are restricted as to use. The MCU 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.

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**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 for specific purposes. The MCU had the following significant Special Revenue Funds:

MCU JAG Grant Fund - This fund receives federal Byrne Grant monies to fund additional drug enforcement operations.

MCU Drug Law Enforcement Grant Fund - This fund receives state grant monies from the Ohio Drug Law Enforcement Fund, as well as, fines, restitution, and seizures for future investigations and administration of the MCU.

MCU Federal Equitable Sharing Program Fund – This fund receives federal seizure forfeits. The assets that are not needed for the operations of MCU are distributed between Fairfield and Hocking County.

**3. Fiduciary Funds**

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for the multi-jurisdictional agencies. The MCU disburses these funds as directed by the government or a court ruling. The MCU had the following significant Fiduciary Funds:

U C Consulting – This fund is used to account for the forfeitures. MCU disburses the funds as directed by the multi-jurisdictional agencies.

Law Enforcement Fund – This fund is used to account for the seizures on behalf of the multi-jurisdictional agencies until a court ruling declares them forfeited.

**E. Budgetary Process**

Since the MCU does not levy taxes, a tax budget is not required by the Ohio Revised Code. The MCU, although not required by Ohio Revised Code, adopts a budget annually.

**1. 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 MCU must annually approve appropriation measures and subsequent amendments. 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. The County Budget Commission must also approve estimated resources.

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The MCU reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

The MCU classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The MCU did not have any nonspendable fund balances.

**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.

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The MCU 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. The MCU did not have any committed fund balances.

**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 MCU Board or a MCU 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.

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

The MCU 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 MCU 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 Fairfield County Auditor is the fiscal agent for the MCU. The County maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments for the MCU at December 31, 2013 and 2012 were \$346,756 and \$310,185, respectively.

Due to the nature of the MCU's operations, the MCU maintains bank accounts outside of the County's direct control to track funds seized and held pending final disposition of the respective case. Therefore, these types of bank accounts maintained by the MCU are reflected in the Agency fund ending cash fund balances of the accompanying financial statements. The balances of these accounts at December 31 were as follows:

	<u>2013</u>	<u>2012</u>
Bank Account Balance	\$262,916	\$229,468

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

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 4,492	\$ 4,492
Special Revenue	393,937	517,996	124,059
Total	\$ 393,937	\$ 522,488	\$ 128,551

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,850	\$ 8,553	\$ 1,297
Special Revenue	581,046	504,124	76,922
Total	\$ 590,896	\$ 512,677	\$ 78,219

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,311	\$ 47,101	\$ 10,790
Special Revenue	429,303	387,893	(41,410)
Total	\$ 465,614	\$ 434,994	\$ (30,620)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 63,559	\$ 63,559	\$ -
Special Revenue	576,696	456,661	120,035
Total	\$ 640,255	\$ 520,220	\$ 120,035

**4. Retirement Systems**

The MCU'S employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members other than law enforcement contributed 10 percent of their gross salaries and the MCU contributed an amount equaling 14 percent of participants' gross salaries. For 2013 and 2012, law enforcement officers contributed 12.6 percent and 12.1 percent, respectively, of their gross salaries and the MCU contributed an amount equaling 18.1 percent of participants' gross salaries. The MCU has paid all contributions required through December 31, 2013.

**5. Risk Management**

The MCU's vehicles and equipment are insured by Fairfield County. Fairfield County is a member of the County Risk Sharing Authority, Inc., (CORSA) which is a shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group of primary and excess participation in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverages include comprehensive general liability, certain property insurance, and public officers' errors and omissions liability.

The County also provides health, drug, dental, vision, and Employee Assistance Program (EAP) family and single insurance coverage purchased through the Franklin County Cooperative for all eligible employees. Health is provided by United HealthCare, drug is provided by Express Scripts, dental is provided by Aetna, vision is provided by Vision Service Plan, and EAP is provided by United Behavioral Health.

**6. Interfund Transactions**

Interfund transfers during 2013 and 2012 consisted of the following:

<b>2013</b>	<b>Transfer to</b>				<b>Totals</b>
	<b>General</b>	<b>MCU JAG Grant</b>	<b>Special Revenue</b>		
			<b>MCU Drug Law Enforcement Grant</b>	<b>MCU Federal Equitable Sharing Program</b>	
<b>Transfer from</b>					
Special Revenue Funds:					
MCU JAG Grant	\$ 510	\$ -	\$ -	\$ -	\$ 510
MCU Drug Law Enforcement Grant	-	-	-	5,475	5,475
MCU FY09	194	-	-	-	194
MCU Federal Equitable Sharing Program	-	22,129	83,033	-	105,162
<b>Total All Funds</b>	<b>\$ 704</b>	<b>\$ 22,129</b>	<b>\$ 83,033</b>	<b>\$ 5,475</b>	<b>\$ 111,341</b>



**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Interfund Transactions (Continued)**

<b>Transfer from</b>	<b>2012</b>				<b>Totals</b>
	<b>Transfer to</b>				
	<b>General</b>	<b>MCU JAG Grant</b>	<b>Special Revenue</b>		
		<b>MCU Drug Law Enforcement Grant</b>	<b>MCU Federal Equitable Sharing Program</b>		
General Fund	\$ -	\$ 23,512	\$ 40,000	\$ -	\$ 63,512
Special Revenue Funds:					
MCU JAG Grant	13,217	-	-	-	13,217
MCU Drug Law Enforcement Grant	20,022	-	-	-	20,022
MCU FY09	3,072	-	-	9,972	13,044
<b>Total All Funds</b>	<b>\$ 36,311</b>	<b>\$ 23,512</b>	<b>\$ 40,000</b>	<b>\$ 9,972</b>	<b>\$ 109,795</b>

The transfers from/to were used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them and to use unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Advances during 2013 and 2012 consist of the following individual advances in and advances out:

<b>Advances from</b>	<b>2013</b>		
	<b>Advances to</b>		
	<b>MCU JAG Grant</b>	<b>MCU Federal Equitable Sharing Program</b>	<b>Totals</b>
Special Revenue Funds:			
MCU JAG Grant	\$ -	\$ 60,000	\$ 60,000
MCU Drug Law Enforcement Grant	-	20,000	20,000
MCU Federal Equitable Sharing Program	30,000	-	30,000
<b>Total All Funds</b>	<b>\$ 30,000</b>	<b>\$ 80,000</b>	<b>\$ 110,000</b>

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT  
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Interfund Transactions (Continued)**

<b>2012</b>	<u><b>Advances to</b></u>
	Special Revenue
	<u>MCU JAG Grant</u>
<u><b>Advances from</b></u>	
Special Revenue Funds:	
MCU Federal Equitable Sharing Program	\$ 40,000
Total	<u>\$ 40,000</u>

The advances in and out are due to the MCU Federal Equitable Sharing Program advancing to the MCU JAG Grant and MCU Drug Law Enforcement Grant to cover operational expenses until the grant reimbursements are received. Once the grant reimbursements are received, the repayment of the advance is made to the MCU Federal Equitable Sharing Program.

**7. Contingent Liabilities**

Amounts grantor agencies pay to the MCU are subject to audit and adjustment by the grantor. 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

Fairfield-Hocking Major Crimes Investigation Unit  
Fairfield County  
734 South Ewing Street  
Lancaster, Ohio 43130

To the Control Board:

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 Fairfield-Hocking Major Crimes Investigation Unit, Fairfield County, Ohio (the MCU) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated December 1, 2014, wherein we noted the MCU followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the MCU's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the MCU'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 MCU'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 1, 2014



# Dave Yost • Auditor of State

**FAIRFIELD-HOCKING MAJOR CRIMES INVESTIGATION UNIT**

**FAIRFIELD 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  
DECEMBER 31, 2014**