



**Auditor of State  
Betty Montgomery**



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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Office of Homeland Security and Emergency Management  
Shelby County  
800 Fair Road  
Sidney, Ohio 45365

To the Members of the Executive Committee:

We have audited the accompanying financial statements of the Office of Homeland Security and Emergency Management, Shelby County, Ohio, (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 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 April 22, 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, the 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, flowing style.

**Betty Montgomery**  
Auditor of State

April 22, 2004

**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT  
SHELBY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$126,228	\$354,116	\$480,344
Contract Services	8,000		8,000
Gifts and Donations	24,146		24,146
Miscellaneous	8,430	2,799	11,229
	<u>166,804</u>	<u>356,915</u>	<u>523,719</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	50,788		50,788
Supplies	9,819	3,942	13,761
Equipment/Capital Outlay	11,893	8,000	19,893
Contracts and Repair	68,913	236,519	305,432
Utilities	15,776		15,776
Hazmat	18,571		18,571
Miscellaneous	18,436	14,251	32,687
	<u>194,196</u>	<u>262,712</u>	<u>456,908</u>
Total Receipts Over/(Under) Disbursements	(27,392)	94,203	66,811
Fund Cash Balances, January 1	<u>30,652</u>	<u>56,789</u>	<u>87,441</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$3,260</u></u></b>	<b><u><u>\$150,992</u></u></b>	<b><u><u>\$154,252</u></u></b>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$122,548	\$62,636	\$185,184
Contract Services	8,000		8,000
Gifts and Donations		1,135	1,135
Miscellaneous	434	259	693
	<u>130,982</u>	<u>64,030</u>	<u>195,012</u>
<b>Total Cash Receipts</b>			
	<u>130,982</u>	<u>64,030</u>	<u>195,012</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	51,301		51,301
Supplies	9,863	1,388	11,251
Equipment/Capital Outlay	3,232	8,000	11,232
Contracts and Repair	16,034	38,388	54,422
Utilities	13,077		13,077
Hazmat	3,277		3,277
Miscellaneous	8,927	9,032	17,959
	<u>105,711</u>	<u>56,808</u>	<u>162,519</u>
<b>Total Cash Disbursements</b>			
	<u>105,711</u>	<u>56,808</u>	<u>162,519</u>
<b>Total Receipts Over/(Under) Disbursements</b>	25,271	7,222	32,493
<b>Fund Cash Balances, January 1</b>	<u>5,381</u>	<u>49,567</u>	<u>54,948</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$30,652</u></u>	<u><u>\$56,789</u></u>	<u><u>\$87,441</u></u>

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



**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT  
SHELBY 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, Shelby 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 appointed by a county wide advisory group. The executive committee consists of a county commissioner, five chief executives representing the municipal corporations and townships and one non-elected representative. The executive committee appoints a director that 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 Funds:

**Fire and Rescue Fund**

Money received as donations to be expended on the Agency's fire and rescue units.

**Hazmat Fund**

Money received as donations to be expended on the Agency's Hazmat unit.

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

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

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

**Special Emergency Planning Fund**

Receives state grants to prepare Shelby County for hazardous material emergencies. These funds are administered by the Agency under an agreement with the Local Emergency Planning Committee (LEPC).

**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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Shelby 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 Shelby County Auditor's records indicated the Agency's cash balances as of December 31, 2003 and 2002, were \$154,252 and \$87,441, 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.

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

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

**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, and dental and vision coverage are available to full-time employees through Shelby County's policy with the Midwest Benefit Consortium, a risk sharing pool.

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**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  
Shelby County  
800 Fair Road  
Sidney, Ohio 45365

To the Members of the Executive Committee:

We have audited the accompanying financial statements of the Office of Homeland Security and Emergency Management, Shelby County, Ohio, (the Agency), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 22, 2004. We conducted our audit in accordance with auditing standards generally accepted by 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Agency in a separate letter dated April 22, 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

April 22, 2004

**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT  
SHELBY 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 Shelby 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 Shelby County Office of Homeland Security and Emergency Management should consult with the county prosecutor regarding the annual financial report filing requirements and 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.







**Auditor of State  
Betty Montgomery**

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**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT**

**SHELBY 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 1, 2004**