



Mary Taylor, CPA
Auditor of State

**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

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Mary Taylor, CPA

Auditor of State

Emergency Management Agency
Butler County
315 High Street
Suite 670
Hamilton, Ohio 45011

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

October 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Emergency Management Agency
Butler County
315 High Street
Suite 670
Hamilton, Ohio 45011

To the Members of the Board:

We have audited the accompanying financial statements of the Emergency Management Agency, Butler County, Ohio (the Agency), as of and for the year ended December 31, 2008. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Agency has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Agency's larger (i.e. major) funds separately. While the Agency does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require agency's to reformat their statements. The Agency has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Agency as of December 31, 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Emergency Management Agency, Butler County, as of December 31, 2008, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Agency has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2009, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 29, 2009

**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General Fund</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$169,653	\$347,102	\$516,755
Member Government Contributions	66,528	0	66,528
Miscellaneous	83,021	5,428	88,449
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	319,202	352,530	671,732
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries and Benefits	203,531	30,430	233,961
Supplies	12,682	4,271	16,953
Equipment	27,472	232,449	259,921
Contract Services	30,425	53,938	84,363
Travel and Training	2,065	39,604	41,669
Repairs	728	0	728
Miscellaneous	1,770	5,177	6,947
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	278,673	365,869	644,542
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	40,529	(13,339)	27,190
	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):			
Proceeds of Intergovernmental Loans	0	2,500	2,500
Returns of Intergovernmental Loans	0	(20,000)	(20,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	(17,500)	(17,500)
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	40,529	(30,839)	9,690
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	11,505	104,648	116,153
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$52,034	\$73,809	\$125,843
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$3,064	\$700	\$3,764
	<hr/>	<hr/>	<hr/>

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

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**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Butler County Emergency Management Agency, Butler County, Ohio (the Agency), was organized under Section 5502.26 of the Revised Code to establish a program for a county wide emergency management operation. The agency has a seven member executive committee and a director that is responsible for organizing, administering, and operating emergency management in accordance with the agency's established program. The Agency was established in 1989, and included in the audit of Butler County through 2007.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Agency recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As permitted by the Ohio Revised Code, the Butler County Auditor acts as the fiscal agent for the Agency and the Agency's cash is held and invested by the County Treasurer, who is custodian of the Agency's monies. The Agency's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

The Butler County Treasurer's records indicate the Agency's cash balances as of December 31, 2008 were \$135,361.

D. 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Local Emergency Planning – This fund receives state grant money to prepare Butler County for hazardous emergencies. These funds are administered under the Local Emergency Planning Committee.

E. Property, Plant, and Equipment

The Agency records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F. 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. RETIREMENT SYSTEMS

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

For 2008, OPERS members contributed 10 percent of their gross salaries and the Agency contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The Agency has paid all contributions required through December 31, 2008.

3. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency's staff is covered under the Butler County Commissioners insurance policy. This insurance policy is administered by the County Risk Sharing Authority (CORSA).

The County Risk Sharing Authority (CORSA) is a risk sharing pool made up of 61 counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA.

This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees.

**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008
(Continued)**

3. RISK MANAGEMENT (Continued)

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The County's payment for insurance to CORSA in 2008 was \$877,071.

4. INTERGOVERNMENTAL LOANS

The Agency's funds are maintained on the Butler County Auditor's general ledger. The Butler County Commissioners made a loan of \$2,500 from the County's General Fund to the Agency's State Homeland Security Planning Grant Fund which was reflected by the County Auditor as an advance. Also, the Agency returned a loan of \$20,000 made prior to January 1, 2008 from the State Homeland Security County Grant Fund to the County's General Fund. The amount due from the Agency to the County at December 31, 2008, is \$2,500.

5. SUBSEQUENT EVENT

In January 2003, a Butler County Water and Sewer Department employee transferred to the Agency as a Contingency Planner. Butler County continued to pay his payroll from the Water and Sewer Department until February 1, 2008, when it processed a payroll adjustment form in order to charge his payroll to the Agency's General Fund. The wages paid by Butler County for the period of January 1, 2003 through February 1, 2008 should have been paid by the Agency.

The employee's wages paid per year and by fund are as follows:

	<u>2007</u>	<u>2008</u>	<u>Total</u>
County Water Fund	\$34,422	\$2,687	\$37,109
County Sewer Fund	41,119	3,154	44,273
Total	<u>\$75,541</u>	<u>\$5,841</u>	<u>\$81,382</u>

This resulted in a finding for recovery against the Agency's General Fund and in favor of Butler County in the amount of \$81,382.

On October 22, 2009 a total amount of \$81,382 was transferred by the Butler County Commissioners from the County's general operating budget to the Butler County EMA and repaid to the Butler County Water and Sewer Funds in the amount of \$37,109 and \$44,273, respectively.

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Mary Taylor, CPA

Auditor of State

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

Emergency Management Agency
Butler County
315 High Street
Suite 670
Hamilton, Ohio 45011

To the Members of the Board:

We have audited the financial statements of the Emergency Management Agency, Butler County, Ohio (the Agency), as of and for the year ended December 31, 2008, and have issued our report thereon dated October 29, 2009, wherein we noted the Agency followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Agency's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Agency's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Agency's management in a separate letter dated October 29, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Agency's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Agency's management in a separate letter dated October 29, 2009.

We intend this report solely for the information and use of management and the Members of the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 29, 2009

**EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Finding for Recovery – Repaid Under Audit

Ohio Revised Code, Section 5705.10(H), states that money paid into any fund shall be used only for the purposes for which such fund is established.

In January 2003, Jim Hamblin transferred from the Butler County Water and Sewer Department to the Emergency Management Agency as a Contingency Planner. Despite transferring positions, the County continued to pay his payroll from the County's Water and Sewer Department funds instead of the Emergency Management Agency General Fund. On February 1, 2008, the County processed a payroll adjustment form in order to charge Jim Hamblin's payroll to the Agency's General Fund (6011).

Jim Hamblin's wages paid per year and by fund are as follows:

	2007	2008	Total
Water Fund (4100)	\$34,422	\$2,687	\$37,109
Sewer Fund (3500)	\$41,119	\$3,154	\$44,273
Total	\$75,541	\$5,841	\$81,382

This resulted in the Butler County Water Fund and Sewer Fund incurring payroll expenses for 2007 and 2008 in the amounts of \$37,109 and \$44,273 respectively for a total of \$81,382 that should have been charged to the Agency's General Fund.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the Agency's General Fund for \$81,382 and in favor of the Butler County Water Fund and Sewer Fund in the amount of \$37,109 and \$44,273 respectively.

On October 22, 2009 a total amount of \$81,382 was transferred by the Butler County Commissioners from the County's general operating budget to the Butler County EMA and repaid to the Butler County Water and Sewer Funds in the amount of \$37,109 and \$44,273, respectively.

Officials Response:

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

EMERGENCY MANAGEMENT AGENCY

BUTLER 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
NOVEMBER 12, 2009**