



Mary Taylor, CPA
Auditor of State

OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
DARKE COUNTY

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Mary Taylor, CPA
Auditor of State

Office of Homeland Security and Emergency Management
Darke County
5183 County Home Road
Greenville, Ohio 45331

To the Members of the Executive Committee:

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 agency 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 statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Office of Homeland Security and Emergency Management
Darke County
5183 County Home Road
Greenville, Ohio 45331

To the Members of the Executive Committee:

We have audited the accompanying financial statement of the Office of Homeland Security and Emergency Management, Darke County, (the Agency) as of and for the year ended December 31, 2008. This financial statement is the responsibility of the Agency's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 the financial statement 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 statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statement present, GAAP require 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 Agencies 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 statement referred to above for the year ended December 31, 2008 does 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 year then ended.

As described in Note 1, the Agency will become a department of Darke County beginning January 1, 2009 and will be established under Ohio Revised Code Section 5502.271.

Also, 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, Darke 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 statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 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

May 11, 2009

**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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$117,836	\$117,836
Special Assessments	\$7,855		7,855
Miscellaneous	8,306		8,306
Total Cash Receipts	<u>16,161</u>	<u>117,836</u>	<u>133,997</u>
Cash Disbursements:			
Salaries and Benefits	4,787	96,331	101,118
Equipment	4,920	17,934	22,854
Contracts and Repair	15,346	1,900	17,246
Administration	260		260
Utilities	906	4,999	5,905
Travel	3,426	3,358	6,784
Supplies	2,248	927	3,175
Miscellaneous	4,614		4,614
Capital Outlay		9,750	9,750
Total Cash Disbursements	<u>36,507</u>	<u>135,199</u>	<u>171,706</u>
Total Receipts Over/(Under) Disbursements	<u>(20,346)</u>	<u>(17,363)</u>	<u>(37,709)</u>
Other Financing Receipts / (Disbursements):			
Other Source	13		13
Advances-In	37,796	60,467	98,263
Advances-Out	(51,500)	(46,763)	(98,263)
Total Other Financing Receipts / (Disbursements)	<u>(13,691)</u>	<u>13,704</u>	<u>13</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(34,037)	(3,659)	(37,696)
Fund Cash Balances, January 1	<u>50,717</u>	<u>12,816</u>	<u>63,533</u>
Fund Cash Balances, December 31	<u>\$16,680</u>	<u>\$9,157</u>	<u>\$25,837</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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

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

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 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. On August 4, 2008, the Darke County Commissioners adopted Resolution (R-159-08) which will change the section of the Ohio Revised Code that the Agency is established under. The Agency will become a department of the County beginning January 1, 2009, and be established under Ohio Revised Code Section 5502.271.

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

B. Accounting Basis

The financial statement follows 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.

The statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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 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 (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Agency had the following significant Special Revenue Funds:

Emergency Management Performance Grant Fund 2007 - This fund accounts for federal grant monies used for Emergency Management of the County.

Emergency Management Performance Grant Fund 2008 - This fund accounts for federal grant monies used for Emergency Management of the County.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Property, Plant, and Equipment

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

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS 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 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, 2008 was \$25,837.

3. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008, 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, 2008.

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.

5. SUBSEQUENT EVENTS

On August 4, 2008, the Darke County Commissioners adopted Resolution (R-159-08) which will change the section of the Ohio Revised Code that the Agency is established under. The Agency will become a department of the County beginning January 1, 2009, and be established under Ohio Revised Code Section 5502.271.



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*

Office of Homeland Security and Emergency Management
Darke County
5183 County Home Road
Greenville, Ohio 45331

To the Members of the Executive Committee:

We have audited the financial statement of the Office of Homeland Security and Emergency Management, Darke County, (the Agency) as of and for the year ended December 31, 2008, and have issued our report thereon dated May 11, 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. The Agency will become a department of Darke County beginning January 1, 2009 and will be established under Ohio Revised Code Section 5502.271. 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 statement, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

**Internal Control over Financial Reporting
(Continued)**

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above as finding number 2008-001 is also material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Agency's financial statement is 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-002 through 2008-005.

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Agency's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

May 11, 2009

**OFFICE OF HOMELAND SECURITY AND EMERGENCY MANAGEMENT
DARKE 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

Material Weakness

Financial Statement Preparation

The 07 Homeland Security Fund was not included on the client's prepared financial statements for the Darke County Office of Homeland Security and Emergency Management Agency (the Agency), which resulted in revenues being understated by \$30,390 and expenditures being understated by \$30,390 for the Special Revenue Fund Type.

The Financial Statements are an integral part of the Agency's records and failure to include all the funds on the financial statements could result in a substantial omission to the records and lack of consistency for financial reporting between each reporting year. Failure to record the activity of the 07 Homeland Security Fund did result in a material misstatement on the financial statements, therefore an adjustment was made to the financial statements.

The Agency should establish policies and procedures to verify that all funds and all information is properly included on the financial statements.

Officials Response:

This will be corrected when the County has the Agency under its funds beginning January 1, 2009.

FINDING NUMBER 2008-002

Noncompliance

Ohio Rev. Code Section 5502.26(A) states the board of county commissioners of a county and the chief executive of all or a majority of the other political subdivisions within the county may enter into a written agreement establishing a countywide emergency management agency.

A representative from each political subdivision entering into the agreement, selected by the political subdivision's chief executive, shall constitute a countywide advisory group for the purpose of appointing an executive committee under this section through which the countywide agency shall implement emergency management in the county in accordance with this section and for the purpose of advising the executive committee on matters pertaining to countywide emergency management. The executive committee shall consist of at least the following seven members: one county commissioner representing the board of county commissioners entering into the agreement; five chief executives representing the municipal corporations and townships entering into the agreement; and one non-elected representative. The countywide agreement shall specify how many additional members, if any, shall serve on the executive committee and their manner of selection.

The agency shall be supported financially by the political subdivisions entering into the countywide agreement. The executive committee shall appoint a director/coordinator of emergency management who shall pursue a professional development training program in accordance with rules adopted under section 5502.25 of the Revised Code. The director/coordinator of emergency management may be an official or employee of any political subdivision entering into the countywide agreement, except that the director/coordinator shall not be the chief executive of any such political subdivision.

**FINDING NUMBER 2008-002
(Continued)**

A countywide emergency management agency organized under this section shall establish a program for emergency management that:

- (1) Is in accordance with sections 5502.21 to 5502.51 of the Revised Code, rules adopted under those sections, local ordinances pertaining to emergency management, the "Robert T. Stafford Disaster Relief and Emergency Assistance Act," 88 Stat. 143, 42 U.S.C. 5121, et. seq., as amended, and all applicable rules and regulations adopted under that act;
- (2) Includes, without limitation, development of an all-hazards emergency operations plan that has been coordinated with all agencies, boards, and divisions having emergency management functions within the county;
- (3) Includes the preparation and conduct of an annual exercise of the county's all-hazards emergency operations plan;
- (4) Is applicable to all political subdivisions entering into the countywide agreement.

The director/coordinator of emergency management for a countywide agency organized under this section shall be responsible for coordinating, organizing, administering, and operating emergency management in accordance with the agency's program established under this section, subject to the direction and control of the executive committee. All agencies, boards, and divisions having emergency management functions within each political subdivision within the county shall cooperate in the development of the all-hazards emergency operations plan and shall cooperate in the preparation and conduct of the annual exercise.

The Darke County Office of Homeland Security and Emergency Management Agency (the Agency) executive committee did not consist of the required seven members. The executive committee of the Agency was made up of four chief executives representing the municipal corporations and townships, one county commissioner representing the board of county commissioners, and two citizens at large. This was contrary to the requirement that the committee consist of one county commissioner representing the commissioners, five chief executives representing the municipal corporations and townships, and one non-elected representative (citizen at large).

It was also noted that the Agency's Executive Committee has not met since March of 2004. This did not allow the Executive Committee to provide direction and control of the Agency's operations in providing the required county-wide services.

The Agency should adopt policies to comply with the Ohio Revised Code section regarding the Executive Committee's composition. In addition, the Executive Committee should meet at least quarterly to monitor the operations of the Agency.

Officials Response:

This has been corrected with the Commissioners changing how we are established under the Ohio Revised Code. We are now under the Commissioners as a board (Resolution R-159-08 changed the setup of the board to Ohio Revised Code section 5502.271)

FINDING NUMBER 2008-003

Noncompliance

Darke County – Wide Emergency Management Agency Agreement Section (5) requires that the Emergency Management Executive Committee shall employ, by suitable contract, an Emergency Management Director/Coordinator whose duties shall be such as are prescribed by Section 5915.06 [amended to section 5502.26], of the Ohio Revised Code, as amended and as further prescribed herein and who shall hold office in accordance with the provisions of such contract. The Emergency Management Director shall pursue a professional development-training program in accordance with rules adopted under Section 5915.05, of the Ohio Revised Code.

The Director/Coordinator may be an official or employee of any Political Subdivision entering into the County – Wide agreement, except that the Director/Coordinator shall not be the Chief Executive of any such political subdivision. The Emergency Management Director/Coordinator may appoint from time to time, a Deputy Director and/or such other assistants to the Director as is deemed advisable who shall hold office as long as deemed necessary. Compensation will not be made to said assistants except on approval of the Executive Committee. The Director/Coordinator may, with the prior consent of the executive committee, employ such technical, clerical stenographic and other personnel as deemed necessary and fix their compensation when they are to be compensated. The salary of the Director and the salaries of other paid personnel shall be paid from the “Darke County Emergency Management Fund.” The Director/Coordinator shall have such additional authority, duties and responsibilities as are authorized by this agreement or as may from time to time be established by the Executive Committee.

Contrary to the County – Wide Agreement the executive committee failed to approve the pay rates of the Deputy Director for 2008.

The Agency should adopt policies and procedures to comply with the County – Wide Agreement requirements regarding the Deputy Director’s pay rates.

Officials Response:

This has been corrected by the Commissioners reclassifying the way the EMA operates under the Ohio Revised Code.

FINDING NUMBER 2008-004

Noncompliance

Darke County – Wide Emergency Management Agency Agreement Section (6) states the executive committee shall prepare a budget for each year, under such rules and regulations as it may prescribe. Such rules and regulations shall include provisions for a hearing from the participating political subdivisions, and for adjustments to be made to such budget. The funds provided for in said budget and all other funds received from whatever source, or by whatever means, for Emergency Management by the Darke County Emergency Management Agency shall be paid to the Treasurer of Darke County into a special fund and shall be known as the “Darke County Emergency Management Fund.”

The Executive Committee has not met since March of 2004, and did not prepare an annual budget for 2008 contrary to the above section of their County – Wide Agreement.

The Agency should adopt policies and procedures to comply with the County – Wide Agreement budgeting requirements.

Officials Responses:

This has been corrected by the Commissioners reclassifying us under Ohio Revised Code 5502.271.

FINDING NUMBER 2008-005

Noncompliance

Darke County – Wide Emergency Management Agency Agreement Section (9) states each participating political subdivision hereto agrees to pay into the “Darke County Emergency Management Fund” promptly upon demand and invoice therefore, the amount assessed against by the executive committee for said services performed and to be performed as herein before provided, and to do and perform all and singular, the obligations herein assumed.

The Executive Committee had not approved the amount to be assessed to the political subdivisions for 2008.

The Agency should adopt policies and procedures to comply with the County – Wide Agreement regarding approval of the assessment amounts.

Officials Responses:

This has been corrected by the Commissioners reclassifying us under Ohio Revised Code section 5502.271 and Township and Villages passed resolutions accordingly.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5502.26(A)	Not Corrected	Reissued as 2008-002
2007-002	Entity Wide Agreement Section (5)	Not Corrected	Reissued as 2008-003
2007-003	Entity Wide Agreement Section (6)	Not Corrected	Reissued as 2008-004
2007-004	Entity Wide Agreement Section (9)	Not Corrected	Reissued as 2008-005



Mary Taylor, CPA
Auditor of State

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 30, 2009**