



Mary Taylor, CPA  
Auditor of State



**EMERGENCY MANAGEMENT AGENCY  
BUTLER COUNTY**

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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

March 29, 2010

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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, 2009. 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, 2009 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, 2009, 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, 2009, 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 March 29, 2010, 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

March 29, 2010



**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, 2009**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Intergovernmental	\$78,450	\$63,608	\$142,058
Member Government Contributions	68,801	0	68,801
Contract Services	69,690	0	69,690
 Total Cash Receipts	 216,941	 63,608	 280,549
<b>Cash Disbursements:</b>			
Current Disbursements:			
Salaries and Benefits	176,493	659	177,152
Materials and Supplies	6,433	1,607	8,040
Equipment	23,980	22,300	46,280
Repairs	2,348	0	2,348
Travel and Training	285	8,000	8,285
Contractual Servies	32,139	50,425	82,564
Miscellaneous	1,163	0	1,163
 Total Cash Disbursements	 242,841	 82,991	 325,832
 Total Receipts Over/(Under) Disbursements	 (25,900)	 (19,383)	 (45,283)
<b>Other Financing Receipts/(Disbursements):</b>			
Refunds and Reimbursements	5,883	0	5,883
Repayment of Intergovernmental Loans	0	(2,500)	(2,500)
Other Financing Sources / County Subsidies	91,382	2,500	93,882
Other Financing Uses	(81,382)	0	(81,382)
 Total Other Financing Receipts/(Disbursements)	 15,883	 0	 15,883
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (10,017)	 (19,383)	 (29,400)
 Fund Cash Balances, January 1	 52,034	 73,809	 125,843
 <b>Fund Cash Balances, December 31</b>	 <b>\$42,017</b>	 <b>\$54,426</b>	 <b>\$96,443</b>
 Reserve for Encumbrances, December 31	 \$17,350	 \$2,988	 \$20,338

*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, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Butler County Emergency Management Agency, Butler County, Ohio (the Agency), is a jointly governed organization among the County, five cities, seven villages and thirteen townships created by a countywide agreement with the Butler County Commissioners.

The Agency was organized under Section 5502.26 of the Revised Code to establish a program for a county wide emergency management operation. Under this section, the executive committee shall consist of at least seven members: one County Commissioner, five chief executives representing municipal corporations and townships entering into the agreement, and one nonelected representative. The executive committee is elected by the countywide advisory council. The twenty-six members of the countywide advisory council are appointed from each of the twenty-six member governments. The degree of control exercised by any participating government is limited to its representation on the advisory council.

The Agency's executive committee and a director are 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.

**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:

**EMERGENCY MANAGEMENT AGENCY  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

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

**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:

**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 2009, 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, 2009.

**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 (CORSAs).

The County Risk Sharing Authority (CORSAs) is a risk sharing pool made up of 61 counties in Ohio. CORSAs was formed as an Ohio non-profit corporation for the purpose of establishing the CORSAs 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 CORSAs.

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

**EMERGENCY MANAGEMENT AGENCY  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009  
(Continued)**

**3. RISK MANAGEMENT (Continued)**

Each member county has one vote on all matters requiring a vote, to be case 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.

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 2009 was \$949,530.

**4. INTERGOVERNMENTAL LOANS**

The Agency's funds are maintained on the Butler County Auditor's general accounting system. During 2008, 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 on the financial accounting system. The Agency returned the loan on February 19, 2009 from the State Homeland Security County Grant Fund to the County's General Fund. This repayment is reflected on the accompanying financial statements as a Repayment of Intergovernmental Loans.

**5. OTHER FINANCING SOURCES AND USES**

The Agency receives subsidies from the County's general operating revenue to assist with the Agency's operations without a requirement for repayment. These funds are recorded in the financial statements as Other Financing Sources/County Subsidies. The Agency repaid the Butler County water and sewer funds for a prior year payroll error which is recorded in the financial statements as Other Financing Uses.

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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, 2009, and have issued our report thereon dated March 29, 2010, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *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 more than a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 March 29, 2010.

### 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

March 29, 2010



EMERGENCY MANAGEMENT AGENCY  
BUTLER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Finding For Recovery – Repaid Under Audit	Yes	





**Mary Taylor, CPA**  
Auditor of State

**BUTLER COUNTY 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  
MAY 6, 2010**