



Dave Yost • Auditor of State



**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

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# Dave Yost • Auditor of State

Dayton Regional Hazardous Materials Response Team  
Montgomery and Greene Counties  
444 West Third Street  
Dayton, Ohio 45402

To the Hazardous Materials Advisory 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 Response Team 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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**Dave Yost**  
Auditor of State

September 13, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Dayton Regional Hazardous Materials Response Team  
Montgomery and Greene Counties  
444 West Third Street  
Dayton, Ohio 45402

To the Hazardous Materials Advisory Board:

We have audited the accompanying financial statements of Dayton Regional Hazardous Materials Response Team, Montgomery and Greene Counties, (the Response Team) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Response Team'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 Response Team 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 fund the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Response Team's larger (i.e. major) funds separately. While the Response Team 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 Response Teams to reformat their statements. The Response Team 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 years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Response Team as of December 31, 2010 and 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 fund cash balances of the Dayton Regional Hazardous Materials Response Team, Montgomery and Greene Counties, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Response Team 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 September 13, 2011, on our consideration of the Response Team'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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

September 13, 2011

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>General</b>
<b>Cash Receipts:</b>	
Dues & Memberships	\$154,824
Charges for Services	3,150
Incident Reimbursements	6,398
Contributions	26,054
Earnings on Investments	1,151
Total Cash Receipts	191,577
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Personnel	77,244
Utilities/Maintenance	5,588
Administrative	5,723
Training and Education	12,379
Field Supplies/Equipment	66,871
Miscellaneous	6,063
Total Cash Disbursements	173,868
Total Receipts Over/(Under) Disbursements	17,709
Fund Cash Balance, January 1	303,244
Fund Cash Balance, December 31	\$320,953

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

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGE IN FUND CASH BALANCE  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>
<b>Cash Receipts:</b>	
Dues & Memberships	\$127,702
Contributions	2,000
Earnings on Investments	1,562
Total Cash Receipts	<u>131,264</u>
<b>Cash Disbursements:</b>	
<b>Current:</b>	
Personnel	78,759
Utilities/Maintenance	3,698
Administrative	11,268
Training and Education	593
Field Supplies/Equipment	5,928
Total Cash Disbursements	<u>100,246</u>
Total Receipts Over/(Under) Disbursements	31,018
Fund Cash Balance, January 1	<u>272,226</u>
Fund Cash Balance, December 31	<u><u>\$303,244</u></u>

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

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Dayton Regional Hazardous Materials Response Team, Montgomery and Greene Counties, (the Response Team), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

By Memorandum of Understanding, the Response Team is formally affiliated with the Miami Valley Regional Planning Commission in order to:

- Emphasize the “regional” concept of the Team;
- Provide a higher level of public accountability to the Team’s operations;
- Provide a formalized oversight/input mechanism for local elected officials to the Board;
- Provide an intergovernmental forum for dealing with Haz Mat concerns.

The Response Team will take MVRPC’s comments into consideration when finalizing operational policy and making operational decisions. However, the Response Team will retain ultimate decision-making authority.

The Response Team is directed by an appointed twenty member Advisory Board. One board member is appointed by each political subdivision within the Response Team. The organizations that provide appointed members are: the City of Dayton Fire Department, the Haz-Mat Response Team, Greene County Fire Chief Association (2 members), Greene County Emergency Management, Greene County Law Enforcement, Greene County Sheriff’s Office, Greene County Township Trustees Association, County Mayors and Managers Association, Miami Valley Fire/EMS Alliance, Montgomery County Fire Chiefs Association (2 members), Montgomery County Office of Emergency Management, Montgomery County Police Chiefs Association, Montgomery County Sheriff’s Office, Montgomery County Township Trustees Association, Miami Valley Regional Planning Commission, Private Sector, Technical Expertise Group, and Wright Patterson Air Force Base. The Response Team provides emergency services such as the cleanup of chemical spills.

Through December 31, 2010, the Miami Valley Fire/EMS Alliance acted as the fiscal agent for the Dayton Regional Hazardous Materials Response Team.

The Response Team’s management believes these financial statements present all activities for which the Response Team is financially accountable.

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

**C. Deposits and Investments**

The accounting basis includes investments as assets. Accordingly, investment purchases are not recorded disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**D. Fund Accounting**

The Response Team uses fund accounting to segregate cash and investments that are restricted as to use. The Response Team classifies its fund into the following type:

**1. General Fund**

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

**E. Budgetary Process**

The Response Team is not considered a subdivision under Ohio Rev. Code, Section 5705.01, subject to 5705. The Response Team prepares an annual budget for submission to the Advisory Board at the annual, fourth quarter meeting. The budget is approved for the following fiscal year. The Response Team also submits monthly reports comparing budgeted and actual activity.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, the employee is entitled to a cash payment for unused leave. Unpaid leave is not reflected as a liability under the Response Team's basis of accounting.

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

The Response Team maintains a cash and investments pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$320,953</u>	<u>\$303,244</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$201,837	\$191,577	(\$10,260)

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General	\$190,868	\$173,868	\$17,000

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$147,802	\$131,264	(\$16,538)

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Actual Expenditures</b>	<b>Variance</b>
General	\$137,364	\$100,246	\$37,118

**4. RETIREMENT SYSTEMS**

The Response Team's employee belongs to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS 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.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% respectively, of their gross salaries and the Response Team contributed an amount equaling 14%, respectively, of the participants' gross salaries. The Response Team has paid all contributions required through December 31, 2010.

**5. RISK MANAGEMENT**

The Response Team's political subdivisions carry errors and omissions insurance for their appointed members. Through December 31, 2010, errors and omissions insurance for the Response Team Coordinator was carried through the Montgomery County Fire/EMS Alliance.

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

Dayton Regional Hazardous Materials Response Team  
Montgomery and Greene Counties  
444 West Third Street  
Dayton, Ohio 45402

To the Hazardous Materials Advisory Board:

We have audited the financial statements of Dayton Regional Hazardous Materials Response Team, Montgomery and Greene Counties, (the Response Team) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 13, 2011, wherein we noted the Response Team 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 Response Team'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 Response Team's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Response Team'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Response Team'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 did note certain matters not requiring inclusion in this report that we reported to the Response Team's management in a separate letter dated September 13, 2011.

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

We intend this report solely for the information and use of management, the Hazardous Materials Advisory Board, and others within the Response Team. We intend it for no one other than these specified parties.

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**Dave Yost**  
Auditor of State

September 13, 2011

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM  
MONTGOMERY AND GREENE COUNTIES**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**MATERIAL WEAKNESS**

The Response Team has elected to follow the accounting method the Auditor of State prescribes or permits which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

The Response team posted amounts to the 2009 ledgers that represented revenue due but not collected until 2010. The effect of this error, along with beginning fund balance error in the 2009 trial balances, resulted in an overstatement to the Dues/Memberships cash basis receipts and understatement to the fund balance in 2009 in the amount of \$19,352 or 14.7% of total receipts and 7.1% of total fund cash balance. The error also resulted in an understatement for 2010 to Dues/Memberships cash receipts and the fund cash balance in the amount of \$17,777 or 9.3% of total receipts and \$11,831 or 3.9% of total fund cash balance respectively.

An audit adjustment was made to correct the financial statements.

The Response Team should implement procedures to verify that all receipts and expenditures are reported on the cash basis. If the Response Team would like to present accrual entries, they should instead report on the modified cash-basis of accounting (Other Comprehensive Basis of Accounting – OCBOA) presentation.

**Official's Response:**

The financial statements generated by the Fiscal Agent of the Hazmat team were generated consistent with prior year's financial statements. The statements include a liability for deferred revenue in order to recognize/defer the revenue for the period to which the revenue relates. Recognizing/deferring this revenue to match the period to which it relates provides consistent internally generated financial statements and eliminates confusion amongst the board members. In future years, the management of the Hazmat team will reverse this entry to provide cash basis reports to the state auditors.

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# Dave Yost • Auditor of State

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM**

**MONTGOMERY 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 10, 2011**