



Dave Yost • Auditor of State

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Dayton Regional Hazardous Materials Response Team
Montgomery County
444 West Third Street, Suite 20-231
Dayton, Ohio 45402

To the Hazardous Material Advisory Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Dayton Regional Hazardous Materials Response Team Montgomery County, (the Response Team) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Response Team's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Response Team's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Response Team prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Response Team as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Dayton Regional Hazardous Materials Response Team, Montgomery County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during 2011 Dayton Regional Hazardous Materials Response Team, Montgomery and Greene Counties adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Response Team's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 13, 2013

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General
Cash Receipts:	
Dues & Memberships	\$145,859
Inspections	5,838
Incident Reimbursements	438
Training and Exercises	4,985
Earnings on Investments	328
Total Cash Receipts	157,448
 Cash Disbursements:	
Current:	
Personnel	80,377
Utilities/Maintenance	10,849
Administrative	5,932
Training and Education	12,499
Field Supplies/Equipment	37,787
Total Cash Disbursements	147,444
Total Receipts Over/(Under) Disbursements	10,004
Fund Cash Balances, January 1	360,478
 Fund Cash Balances, December 31:	
Assigned	108,000
Unassigned	262,482
Fund Cash Balances, December 31	\$370,482

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

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General
Cash Receipts:	
Intergovernmental Revenue	\$10,749
Dues & Memberships	136,049
Inspections	10,303
Training and Exercises	13,302
Earnings on Investments	1,238
Total Cash Receipts	171,641
Cash Disbursements:	
Current:	
Personnel	77,312
Utilities/Maintenance	7,252
Administrative	10,691
Training and Education	11,899
Field Supplies/Equipment	24,962
Total Cash Disbursements	132,116
Total Receipts Over/(Under) Disbursements	39,525
Fund Cash Balances, January 1	320,953
Fund Cash Balances, December 31:	
Assigned	84,000
Unassigned	276,478
Fund Cash Balances, December 31	\$360,478

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

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Dayton Regional Hazardous Materials Response Team, Montgomery County, (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 Response Team 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 Response Team 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, 2012, 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 COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 2012 and 2011 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.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Response Team must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Response Team classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

The Board can *commit* amounts via formal action (resolution). The Response Team must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. In the general fund, *assigned* amounts represent intended uses established by the Board or a Board official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications.

The Response Team applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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:

	2012	2011
Demand deposits	\$370,482	\$360,478

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$150,786	\$157,448	\$6,662

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$149,338	\$147,444	\$1,894

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$152,461	\$171,641	\$19,180

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Expenditures	Variance
General	\$149,338	\$132,116	\$17,222

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 2012 and 2011, 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, 2012.

5. RISK MANAGEMENT

The Response Team's political subdivisions carry errors and omissions insurance for their appointed members. Through December 31, 2012, errors and omissions insurance for the Response Team Coordinator was carried through the Montgomery County Fire/EMS Alliance.

6. C<5 B; 9`B'577 CI BH B; `DF-B7-D@

For year ended December 31, 2011, the Response Team adopted provisions of Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have any effect on fund balance previously reported.



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INDEPENDENT AUDITOR'S 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 County
444 West Third Street, Suite 20-231
Dayton, Ohio 45402

To the Hazardous Material Advisory Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Dayton Regional Hazardous Material Response Team, Montgomery County, (the Response Team) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated September 13, 2013 wherein we noted the Response Team followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted that the Response Team adopted provisions of Government Accounting Standards Board Statement No. 54 for the year ended December 31, 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Response Team's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Response Team's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Response Team's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Response Team's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Response Team's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

September 13, 2013

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2012-001

MATERIAL WEAKNESS

The Response Team prepared its annual financial statements in accordance with accounting practices the Auditor of State prescribes or permits. The Response Team's Annual Financial Report for 2011 contained the following errors:

- The Response Team netted \$10,749 in intergovernmental receipts against Field Supplies/Equipment expenditures, thus understating total receipts and expenditures. An audit adjustment was made to correctly present the accompanying financial statements.
- \$2,400 received from Montgomery/Greene County Local Emergency Response Council for special projects inspections was recorded as a training and exercises receipt instead of inspection receipt. The misstatement was determined to be immaterial and the financial statements have not been adjusted to correct this error.

The Response Team should establish and implement procedures to verify that the financial statements are correctly presented. Failure to do so could result in material misstatements going unnoticed.

Official's Response:

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

**DAYTON REGIONAL HAZARDOUS MATERIALS RESPONSE TEAM
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Response Team presented accrual amounts in cash basis statements	Yes	



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DAYTON REGIONAL HAZARDOUS MATERIAL 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 7, 2013**