

BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO
FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2011

JEFF GALLOWAY, DIRECTOR



Dave Yost • Auditor of State

Members of the Board
Butler County Emergency Management Agency
315 High Street, Suite 670
Hamilton, Ohio 45011

We have reviewed the *Independent Accountants' Report* of the Butler County Emergency Management Agency, Butler County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Butler County Emergency Management Agency is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 9, 2012

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**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountants' Report	1 - 2
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2011	3
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2010	4
Notes to the Basic Financial Statements.....	5 - 8
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	9 - 10

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Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

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

To the Members of the Board:

We have audited the accompanying financial statements of the Butler County Emergency Management Agency, Butler County, Ohio, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Butler County Emergency Management 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Butler County Emergency Management 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 require presenting entity wide statements and also presenting the Butler County Emergency Management Agency's larger (i.e. major) funds separately. While the Butler County Emergency Management 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 the Butler County Emergency Management Agency to reformat their statements. The Butler County Emergency Management 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 years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Butler County Emergency Management Agency as of December 31 2011 and 2010, or its changes in financial position for the years then ended.

Independent Accountants' Report
Butler County Emergency Management Agency
Page Two

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Butler County Emergency Management Agency, Butler County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.F., during 2011 the Butler County Emergency Management Agency adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2012, on our consideration of the Butler County Emergency Management 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 cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
August 24, 2012

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Intergovernmental	\$ 109,529	\$ 379,348	\$ 488,877
Member Government Contributions	97,702	-	97,702
Total cash receipts	<u>207,231</u>	<u>379,348</u>	<u>586,579</u>
Cash disbursements:			
Current:			
Salaries and Benefits	197,686	62,506	260,192
Materials and Supplies	23,258	14,171	37,429
Equipment	25,430	190,475	215,905
Repairs	635	-	635
Travel and Training	22,788	2,060	24,848
Contractual Services	43,783	89,373	133,156
Miscellaneous	1,317	5,912	7,229
Total cash disbursements	<u>314,897</u>	<u>364,497</u>	<u>679,394</u>
Excess of cash receipts over/(under) cash disbursements	(107,666)	14,851	(92,815)
Other financing receipts/(disbursements):			
Refunds and reimbursements	3,995	30,164	34,159
Other financing receipts/county subsidies	100,000	14,414	114,414
Repayment of intergovernmental loans	-	(26,100)	(26,100)
Total other financing receipts/(disbursements)	<u>103,995</u>	<u>18,478</u>	<u>122,473</u>
Net change in fund cash balances	(3,671)	33,329	29,658
Fund cash balances, January 1, 2011	<u>68,837</u>	<u>102,455</u>	<u>171,292</u>
Fund cash balances, December 31, 2011	<u>\$ 65,166</u>	<u>\$ 135,784</u>	<u>\$ 200,950</u>
Fund cash balances, December 31, 2011			
Restricted	\$ -	\$ 135,784	\$ 135,784
Assigned	193	-	193
Unassigned	64,973	-	64,973
Fund cash balances, December 31, 2011	<u>\$ 65,166</u>	<u>\$ 135,784</u>	<u>\$ 200,950</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Intergovernmental	\$ 113,791	\$ 430,993	\$ 544,784
Member Government Contributions	86,134	-	86,134
Contract Services	3,499	-	3,499
Total cash receipts	203,424	430,993	634,417
Cash disbursements:			
Current:			
Salaries and Benefits	186,340	15,159	201,499
Materials and Supplies	17,535	10,723	28,258
Equipment	22,456	317,827	340,283
Repairs	5,935	-	5,935
Travel and Training	4,418	1,400	5,818
Contractual Services	70,183	70,991	141,174
Miscellaneous	279	6,663	6,942
Total cash disbursements	307,146	422,763	729,909
Total cash receipts over/(under) cash disbursements	(103,722)	8,230	(95,492)
Other financing receipts/(disbursements):			
Refunds and reimbursements	30,542	17,799	48,341
Other financing receipts/county subsidies	100,000	22,000	122,000
Total other financing receipts/(disbursements)	130,542	39,799	170,341
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	26,820	48,029	74,849
Fund cash balances, January 1, 2010	42,017	54,426	96,443
Fund cash balances, December 31, 2010	\$ 68,837	\$ 102,455	\$ 171,292
Reserve for Encumbrances, December 31, 2010	\$ 14,811	\$ 68,439	\$ 83,250

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 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 countywide 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 of 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 was 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 used fund accounting to segregate cash and investments that are restricted as to use. The Agency classifies its funds into the following types:

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 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 fund 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 statement does not include a liability for unpaid leave.

F. Fund Balance

For December 31, 2011, the Agency implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Definitions" which had no effect on fund balances. Under GASB No. 54, fund balances are divided into five classifications based primarily on the extent to which the Agency must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Agency classifies assets as *nonspendable* 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 of regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Agency 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.

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Agency Board or an Agency 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 other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Agency 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.

NOTE 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 2011 and 2010, OPERS members contributed 10 percent of their gross salaries and the Agency contributed 14 percent of participants' gross salaries. The Agency has paid all contributions required through December 31, 2011 and 2010.

NOTE 3 - RISK MANAGEMENT

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

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

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

**BUTLER COUNTY EMERGENCY MANAGEMENT AGENCY
BUTLER COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 3 - RISK MANAGEMENT - (Continued)

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

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 for 2011 and 2010 was \$1,105,498 and \$1,023,547 respectively.

NOTE 4 - INTERGOVERNMENTAL LOANS

The Agency's funds are maintained on the Butler County Auditor's general accounting system. During 2011, the Butler County Commissioners made a loan of \$14,414 from the County's General fund to the Agency's State Homeland Security Program - Federal grant fund which was reflected by the County Auditor as an advance on the financial accounting system. The Agency returned \$4,100 of the loan in 2011. During 2010, the Butler County Commissioners made a loan of \$22,000 from the County's General fund to the Agency's State Homeland and Security Equipment grant fund which was reflected by the County Auditor as an advance on the financial accounting system. The Agency returned the loan in 2011.

NOTE 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.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Members of the Board:

We have audited the financial statements of the Butler County Emergency Management Agency as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 24, 2012, wherein we noted the Butler County Emergency Management Agency followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. As described in Note 1.F., the Butler County Emergency Management Agency adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" for the year ended December 31, 2011. 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 Butler County Emergency Management Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Butler County Emergency Management Agency's internal control over financial reporting. Accordingly we have not opined on the effectiveness of the Butler County Emergency Management 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 Butler County Emergency Management 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 to be material weaknesses, as defined above.

Members of the Board
Butler County Emergency Management Agency

Compliance and Other Matters

As part of reasonably assuring whether the Butler County Emergency Management 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 the management, Members of the Board, and others within the Butler County Emergency Management Agency. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 24, 2012



Dave Yost • 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
NOVEMBER 27, 2012**