



OHIO AUDITOR OF STATE
KEITH FABER



**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Medina County Council of Governments on Drug Enforcement
Medina County
144 North Broadway Street
Medina, Ohio 44256

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Medina County Council of Governments on Drug Enforcement, Medina County, Ohio, (the COG) as of and for the years ended December 31, 2019 and 2018.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; 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 COG'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 COG's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the COG 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the COG does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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 COG, as of December 31, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Medina County Council of Governments on Drug Enforcement, Medina County, Ohio, as of December 31, 2019 and 2018, and 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(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, on our consideration of the COG'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 COG's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 26, 2022

Medina County Council of Governments on Drug Enforcement
Medina County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
MCDAC Levy Funds	\$807,468		\$807,468
Intergovernmental	35,180	\$217,500	252,680
Fines and Forfeitures		33,467	33,467
Miscellaneous	2,599		2,599
<i>Total Cash Receipts</i>	<u>845,247</u>	<u>250,967</u>	<u>1,096,214</u>
Cash Disbursements			
Current:			
Salaries	483,333	89,347	572,680
PERS	82,504	12,259	94,763
Workers' Compensation	3,772	508	4,280
Medicare	6,973	942	7,915
Healthcare	101,582	8,654	110,236
Supplies & Materials	1,722	19,825	21,547
Contract Services	76,572	37,795	114,367
Liability & Vehicle Insurance	8,668		8,668
Rent & Utilities		36,025	36,025
Other	21,260	87,353	108,613
Training & Travel		7,819	7,819
Capital Outlay	1,898	74,890	76,788
<i>Total Cash Disbursements</i>	<u>788,284</u>	<u>375,417</u>	<u>1,163,701</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>56,963</u>	<u>(124,450)</u>	<u>(67,487)</u>
<i>Fund Cash Balances, January 1</i>	<u>9,848</u>	<u>263,658</u>	<u>273,506</u>
Fund Cash Balances, December 31			
Restricted		146,204	146,204
Assigned	59,540		59,540
Unassigned	7,271	(6,996)	275
<i>Fund Cash Balances, December 31</i>	<u>\$66,811</u>	<u>\$139,208</u>	<u>\$206,019</u>

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

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Council of Governments on Drug Enforcement (the COG) as a body corporate and politic. The COG provides representation to all Medina County political subdivisions via a Governing Board. The Governing Board is comprised of the two Medina County Commissioners, the Mayor of the City of Medina, the Safety Directors from the City of Brunswick and the City of Wadsworth, and leaders from various Medina County townships and villages. The Governing Board has fiscal, policy, and employee oversight responsibilities. The COG receives guidance on day to day operations by an Operating Board. The Operating Board is comprised of the Medina County Sheriff and Prosecutor and six police chiefs representing the various political entities within Medina County.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The COG's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which are organized on a fund type basis.

Fund Accounting

The COG uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the COG are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The COG had the following significant Special Revenue Funds:

Medina County Drug Task Force Grant Fund - This fund receives federal Edward Byrne Justice Assistance Grant monies to fund additional drug enforcement operations.

Drug Task Force Ohio Drug Law Grant Fund - This fund receives grant monies from the Ohio Drug Law Enforcement Fund to help defray costs of running the COG.

Medina County Drug Task Force Law Enforcement Trust Fund - This fund receives local properties and cash forfeitures under the law which may be expended for any operating expenses of the COG as approved by the Operating and Governing Boards.

Medina County Drug Task Force Federal Law Enforcement Trust Fund - This fund receives local properties and cash forfeitures under the federal law which may be expended for any operating expenses of the COG as specified for intended law enforcement use on the DAG-71 and Federal Asset Forfeiture Guidelines and as approved by the Operating and Governing Boards.

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The COG 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

Since the COG does not levy taxes, a tax budget is not required by the Ohio Revised Code. The Medina County Auditor serves as the fiscal agent for the COG and requires the COG to submit an annual budget of estimated cash receipts and disbursements which serves the financial plan for the year.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The COG must annually approve appropriation measures and subsequent amendments. The Medina County Commissioners must also approve the annual appropriation measure as part of the budget for Medina County. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the COG to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 8.

Deposit and Investments

The Medina County Auditor acts as the fiscal agent for the COG. The County holds the COG's assets in its investment pool valued at the County's reported carrying amount. The COG also maintains small amounts of cash and deposits in separate bank accounts for its operations.

Capital Assets

The COG records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The COG classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed The COG can *commit* amounts via formal action (resolution). The COG must adhere to these commitments unless the COG amend 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.

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 the COG or a COG official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The COG 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 3 – Deposits and Investments

The Medina County Auditor is the fiscal agent for the COG.

Due to the nature of the COG's operations, the COG maintains bank accounts outside the County's direct control. These accounts are replenished through request to the County. The activity of the bank accounts maintained by the COG is reflected in the accompanying financial statements. The balances of these accounts as of December 31, 2019 were as follows:

<u>Bank Account</u>	<u>2019</u>
Law Enforcement Trust	\$5,747
Medina County Drug Task Force	1,748
Cash on Hand	3,641

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 4 – Defined Benefit Pension Plans

The COG's law enforcement officers belong to the Ohio Public Employees Retirement System (OPERS) for Law Enforcement. Other employees of the COG belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, Law Enforcement participants contributed 13 percent of their wages. For 2019 the COG contributed an amount equal to 18.10 percent of their wages. For 2019 OPERS members contributed 10 percent of their wages and the COG contributed an amount equaling 14 percent of the participant's gross salaries. The COG has paid all contributions required through December 31, 2019.

Note 5 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2019.

Note 6 – Risk Management

Commercial Insurance

The COG has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public officials' liability;
- Employees liability; and
- Employee benefits liability.

Medina County also provides health insurance and dental and vision coverage to full-time employees through the Medina County Benefit Plan.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay the COG are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 8 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,297,468	\$845,247	(\$452,221)
Special Revenue	308,966	250,967	(57,999)
Total	\$1,606,434	\$1,096,214	(\$510,220)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,266,537	\$795,550	\$470,987
Special Revenue	342,679	377,376	(34,697)
Total	\$1,609,216	\$1,172,926	\$436,290

Medina County Council of Governments on Drug Enforcement
Medina County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
MCDAC Levy Funds	\$754,177		\$754,177
Intergovernmental		\$324,371	324,371
Fines and Forfeitures		57,777	57,777
Miscellaneous	2,055	1,954	4,009
<i>Total Cash Receipts</i>	<u>756,232</u>	<u>384,102</u>	<u>1,140,334</u>
Cash Disbursements			
Current:			
Salaries	449,996	140,306	590,302
PERS	74,290	14,451	88,741
Workers' Compensation	3,637	629	4,266
Medicare	6,774	1,171	7,945
Healthcare	94,953	11,709	106,662
Supplies & Materials		30,245	30,245
Contract Services	113,635	27,319	140,954
Liability & Vehicle Insurance	8,769		8,769
Rent & Utilities		34,278	34,278
Other	14,006	28,546	42,552
Training & Travel		8,990	8,990
Capital Outlay	1,985	76,094	78,079
<i>Total Cash Disbursements</i>	<u>768,045</u>	<u>373,738</u>	<u>1,141,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,813)</u>	<u>10,364</u>	<u>(1,449)</u>
<i>Fund Cash Balances, January 1</i>	<u>21,661</u>	<u>253,294</u>	<u>274,955</u>
Fund Cash Balances, December 31			
Restricted		312,581	312,581
Unassigned	9,848	(48,923)	(39,075)
<i>Fund Cash Balances, December 31</i>	<u>\$9,848</u>	<u>\$263,658</u>	<u>\$273,506</u>

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

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Council of Governments on Drug Enforcement (the COG) as a body corporate and politic. The COG provides representation to all Medina County political subdivisions via a Governing Board. The Governing Board is comprised of the two Medina County Commissioners, the Mayor of the City of Medina, the Safety Directors from the City of Brunswick and the City of Wadsworth, and leaders from various Medina County townships and villages. The Governing Board has fiscal, policy, and employee oversight responsibilities. The COG receives guidance on day to day operations by an Operating Board. The Operating Board is comprised of the Medina County Sheriff and Prosecutor and six police chiefs representing the various political entities within Medina County.

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Medina County Drug Task Force Federal Law Enforcement Trust Fund - This fund receives local properties and cash forfeitures under the federal law which may be expended for any operating expenses of the COG as specified for intended law enforcement use on the DAG-71 and Federal Asset Forfeiture Guidelines and as approved by the Operating and Governing Boards.

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The COG 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

Since the COG does not levy taxes, a tax budget is not required by the Ohio Revised Code. The Medina County Auditor serves as the fiscal agent for the COG and requires the COG to submit an annual budget of estimated cash receipts and disbursements which serves the financial plan for the year.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The COG must annually approve appropriation measures and subsequent amendments. The Medina County Commissioners must also approve the annual appropriation measure as part of the budget for Medina County. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the COG to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 8.

Deposit and Investments

The Medina County Auditor acts as the fiscal agent for the COG. The County holds the COG's assets in its investment pool valued at the County's reported carrying amount. The COG also maintains small amounts of cash and deposits in separate bank accounts for its operations.

Capital Assets

The COG records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

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**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The COG classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed The COG can *commit* amounts via formal action (resolution). The COG must adhere to these commitments unless the COG amend 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.

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 the COG or a COG official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The COG 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 3 – Deposits and Investments

The Medina County Auditor is the fiscal agent for the COG.

Due to the nature of the COG's operations, the COG maintains bank accounts outside the County's direct control. These accounts are replenished through request to the County. The activity of the bank accounts maintained by the COG is reflected in the accompanying financial statements. The balances of these accounts as of December 31, 2018 were as follows:

<u>Bank Account</u>	<u>2018</u>
Law Enforcement Trust	\$970
Federal Law Enforcement Trust	8,995
Medina County Drug Task Force	1,715
Cash on Hand	3,213

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 4 – Defined Benefit Pension Plans

The COG's law enforcement officers belong to the Ohio Public Employees Retirement System (OPERS) for Law Enforcement. Other employees of the COG belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, Law Enforcement participants contributed 13 percent of their wages. For 2018 the COG contributed an amount equal to 18.10 percent of their wages. For 2018 OPERS members contributed 10 percent of their wages and the COG contributed an amount equaling 14 percent of the participant's gross salaries. The COG has paid all contributions required through December 31, 2018.

Note 5 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018.

Note 6 – Risk Management

Commercial Insurance

The COG has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Public officials' liability;
- Employees liability; and
- Employee benefits liability.

Medina County also provides health insurance and dental and vision coverage to full-time employees through the Medina County Benefit Plan.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay the COG are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 8 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,141,871	\$756,232	(\$385,639)
Special Revenue	288,272	384,102	95,830
Total	\$1,430,143	\$1,140,334	(\$289,809)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,113,305	\$768,045	\$345,260
Special Revenue	385,496	374,702	10,794
Total	\$1,498,801	\$1,142,747	\$356,054

OHIO AUDITOR OF STATE KEITH FABER



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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

Medina County Council of Governments on Drug Enforcement
Medina County
144 North Broadway Street
Medina, Ohio 44256

To the Governing 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 cash balances, receipts, and disbursements by fund type of the Medina County Council of Governments on Drug Enforcement, Medina County, Ohio, (the COG) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 26, 2022 wherein we noted the COG followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the COG's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the COG's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the COG'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the COG'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 financial statements. 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*.

COG's Response to Finding

The COG's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the COG's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 COG's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the COG's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 26, 2022

**MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness – Financial Statement Adjustments

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Additionally, Governmental Accounting Standards Board Statement (GASB) No. 54 provides revised governmental fund-type and fund balance definitions. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The General Fund should report assigned fund balances (to the extent it does not create an unassigned deficit) for any encumbrances outstanding at fiscal year-end, as well as amounts assigned from subsequent year appropriations, which would be equal to amount of subsequent year's appropriations that exceed the subsequent year's estimated receipts. The residual amount of any fund balance in the General Fund should be classified as unassigned fund balance.

Due to deficiencies in internal control, the following financial statement errors were identified and adjusted to the financial statements by management:

- In 2018, miscellaneous receipts, various disbursements, and ending fund balance in the General Fund were each understated by \$2,055, \$1,985, \$70, respectively, and miscellaneous receipts, various disbursements, and ending fund balance in the Special Revenue Funds were overstated by equal amounts due to a certain fund improperly reported as a Special Revenue Fund.
- In 2019, the beginning fund balance, miscellaneous receipts, intergovernmental receipts, various disbursements, and ending fund balance in the General Fund were each understated by \$70, \$2,599, \$35,180, \$1,898, and \$35,951, respectively, and the beginning fund balance, miscellaneous, various disbursements, and ending fund balance in the Special Revenue Funds were each overstate by equal amounts due to a certain fund improperly reported as a Special Revenue Fund.
- Fines and forfeitures in the Special Revenue Funds were understated by \$53,197 and intergovernmental receipts were overstated by an equal amount for 2018. Additionally, fines and forfeitures in the Special Revenue Funds were understated by \$32,637 and intergovernmental receipts were overstated by an equal amount for 2019.

FINDING NUMBER 2019-001 (Continued)

Material Weakness – Financial Statement Adjustments (Continued)

- The restricted portion of the General Fund's fund balance was overstated by \$766,060 and the unassigned portion of the fund balance was understated by an equal amount for 2018. Additionally, the restricted portion of the Special Revenue Funds' fund balance was overstated by \$63,647 and the unassigned portion of the fund balance was understated by an equal amount for 2018.
- The restricted portion of the General Fund's fund balance was overstated by \$786,387 and the assigned and unassigned portions of the fund balance were understated by \$59,540 and \$726,847, respectively, in 2019. Additionally, the restricted portion of the Special Revenue Funds' fund balance was overstated by \$220,227 and the unassigned portion of the fund balance was understated by an equal amount for 2019.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$1,793 to \$17,850 that we have brought to the Council of Governments' (the COG) attention.

Failure to properly classify funds, fund balances, and other financial transactions could result in material financial statement errors in the future.

The COG should exercise due care when posting transactions to help ensure transactions are correct and posted to the proper funds and accounts. Management should also review the financial statements to help ensure they are supported by sufficient documentation, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors, and help ensure more accurate financial reporting.

Officials' Response: We acknowledge the finding and are working to correct the issue.



Medina County Drug Task Force

P.O. Box 1643 • Medina, Ohio 44258

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Material Weakness – Financial Statement Adjustments Various material adjustments were noted and subsequently adjusted to the financial statements.	Partially Corrected	A similar comment is included in the current year Schedule of Findings
2017-002	Material Weakness – Bank Reconciliations The bank reconciliations for 2017 and 2016 were not prepared or reviewed for each month during 2017 or 2016.	Partially Corrected	A similar comment is included in the current year Management Letter.

OHIO AUDITOR OF STATE KEITH FABER



MEDINA COUNTY COUNCIL OF GOVERNMENTS ON DRUG ENFORCEMENT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/16/2022

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This report is a matter of public record and is available online at
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