



**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Medway Drug Enforcement Agency
Wayne County
201 West North Street
Wooster, Ohio 44691

To the General Assembly and Governing Board

We have audited the accompanying financial statements of the Medway Drug Enforcement Agency, Wayne County, Ohio, (the Agency) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Agency prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Medway Drug Enforcement Agency as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2001 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, General Assembly and Governing Board, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 27, 2001

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>(Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash receipts:			
Local taxes	\$289,284		\$289,284
Intergovernmental	157,591	\$22,938	180,529
Fines and restitution	13,827	29,401	43,228
Miscellaneous	498		498
	<hr/>	<hr/>	<hr/>
Total cash receipts	461,200	52,339	513,539
Cash disbursements:			
Current:			
Salaries	235,128	25,400	260,528
Supplies and materials	21,574		21,574
Contract repairs	4,245		4,245
Contract services	33,055		33,055
Rentals	18,727		18,727
Travel expenses	1,478		1,478
PERS	29,958	3,802	33,760
Workers compensation	740		740
Other expenses	45,589	6,030	51,619
Capital outlay	45,033	47,873	92,906
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Total cash disbursements	435,527	83,105	518,632
Total cash receipts over/(under) cash disbursements	25,673	(30,766)	(5,093)
Other financing receipts/(disbursements):			
Sale of fixed assets	25,000		25,000
Transfers-in	1,933		1,933
Transfers-out		(1,933)	(1,933)
	<hr/>	<hr/>	<hr/>
Total other financing receipts/(disbursements)	26,933	(1,933)	25,000
Total cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	52,606	(32,699)	19,907
Fund cash balances, January 1	255,107	134,302	389,409
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Fund cash balances, December 31	\$307,713	\$101,603	\$409,316
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for encumbrances, December 31	\$16,002	\$0	\$16,002
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The notes to the financial statements are an integral part of this statement.

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types		(Memorandum Only)
	General	Special Revenue	Total
Cash receipts:			
Local taxes	\$283,648		\$283,648
Intergovernmental	116,668	\$30,730	147,398
Fines and restitution	26,183	24,754	50,937
Miscellaneous	868		868
Total cash receipts	427,367	55,484	482,851
Cash disbursements:			
Current:			
Salaries	215,435	33,227	248,662
Supplies and materials	17,826		17,826
Contract repairs	4,547		4,547
Contract services	29,056		29,056
Rentals	13,083		13,083
Travel expenses	4,020		4,020
PERS	27,454	5,677	33,131
Other expenses	55,027	7,547	62,574
Capital Outlay	37,484	50,129	87,613
Total cash disbursements	403,932	96,580	500,512
Total cash receipts over/(under) cash disbursements	23,435	(41,096)	(17,661)
Other financing receipts/(disbursements):			
Transfers-in		10,195	10,195
Transfers-out	(10,195)		(10,195)
Total other financing receipts/(disbursements)	(10,195)	10,195	
Total cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	13,240	(30,901)	(17,661)
Fund cash balances, January 1	241,867	165,203	407,070
Fund cash balances, December 31	\$255,107	\$134,302	\$389,409
Reserve for encumbrances, December 31	\$8,781	\$0	\$8,781

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

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medway Drug Enforcement Agency (the Agency) 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. The Agency is governed by a Council of Governments, consisting of two separate operating Boards. The first of these bodies is a nine member Governing Board composed of law enforcement officials from the participating entities; the second body is an eight member General Assembly composed of publicly-elected officials from the participating entities. The Agency provides undercover drug enforcement programs for the purpose of reducing drug trafficking and related crimes.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned, and disbursements are recognized when they are 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Wayne County Auditor is the fiscal officer for the Agency. The County maintains a cash and investment pool used by all funds. The Agency maintains small amounts of cash and deposits in commercial bank accounts for its operations.

D. Fund Accounting

The Agency uses fund accounting to segregate cash and investments that are restricted as to use. The Agency classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Agency had the following significant Special Revenue Funds:

Medway Trust Fund - This fund receives funds from property and cash forfeitures under the law and may only be expended for equipment and training expenses.

Drug Control and System Improvement Fund - This fund receives federal Berne Grant monies to fund additional drug enforcement agents.

E. Budgetary Process

The Wayne County Auditor serves as fiscal agent for the Agency. The Agency is required to submit an annual budget of estimated cash receipts and disbursements to the Wayne County Auditor.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control resources. The Agency must annually approve appropriation measures. The County Budget Commission must also approve the annual appropriation measure.

2. 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 also approve estimated resources.

3. Encumbrances

The Wayne County Auditor requires the Agency to reserve (encumber) appropriations when commitments are made.

Encumbrances are purchase orders, contracts and other commitments for the expenditure of monies that are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 in the financial statements.

G. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Agency.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Wayne County Auditor is the fiscal officer for the Agency. The County maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments for the Agency at December 31, 2000 and 1999 was \$409,316 and \$389,409, respectively.

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$433,669	\$488,133	\$54,464
Special Revenue	23,438	52,339	28,901
Total	\$457,107	\$540,472	\$83,365

2000 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$585,764	\$451,529	\$134,235
Special Revenue	186,641	85,338	101,303
Total	\$772,405	\$536,867	\$235,538

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$367,700	\$427,367	\$59,667
Special Revenue	64,363	65,679	1,316
Total	\$432,063	\$493,046	\$60,983

1999 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$435,833	\$422,908	\$12,925
Special Revenue	253,813	96,580	157,233
Total	\$689,646	\$519,488	\$170,158

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Agency's General Assembly. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the financial statements as Intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Agency.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Agency.

**MEDWAY DRUG ENFORCEMENT AGENCY
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Agency's law enforcement officers belong to the State Police Retirement System (SPRS). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. SPRS and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of SPRS contributed 10% of their wages to the SPRS. The Agency contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Agency contributed an amount equal to 10.84% of participants' gross salaries for 2000 and 13.55% of participants' gross salaries for 1999. The Agency has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Agency has obtained commercial insurance for the following risks:

- 7 Comprehensive property and general liability
- 7 Vehicles
- 7 Commercial inland marine
- 7 General liability
- 7 Public officials' liability
- 7 Employers liability
- 7 Employee benefits liability

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Medway Drug Enforcement Agency
Wayne County
201 West North Street
Wooster, Ohio 44691

We have audited the financial statements of the Medway Drug Enforcement Agency, Wayne County, Ohio, (the Agency) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 27, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Agency in a separate letter dated April 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Agency in a separate letter dated April 27, 2001.

This report is intended for the information and use of the management, and members of the General Assembly and Governing Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 27, 2001



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MEDWAY DRUG ENFORCEMENT AGENCY

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 22, 2001**