



**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

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**Auditor of State
Betty Montgomery**

Medina County Emergency Management Agency
Medina County
555 Independence Drive
Medina, Ohio 44256

To the Executive Committee:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Agency to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

November 6, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Emergency Management Agency
Medina County
555 Independence Drive
Medina, Ohio 44256

To the Executive Committee:

We have audited the accompanying financial statements of the Medina County Emergency Management Agency, Medina County, Ohio, (the Agency) as of and for the years ended December 31, 2005 and 2004. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the 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.

Revisions to GAAP would require the Agency to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Agency does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statements. The Agency has elected not to reformat its statements. Since this Agency does not use GAAP to measure financial statement amounts, 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.

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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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Agency as of December 31, 2005 and 2004, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Medina County Emergency Management Agency, Medina County, Ohio as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Agency to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Agency has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2006, on our consideration of the 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.

We conducted our audit to opine on the financial statements that collectively comprise the Agency's financial statements. The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires presenting a Federal Awards Receipts and Expenditures Schedule. The schedule is not a required part of the financial statements. We subjected the Federal Awards Receipts and Expenditures Schedules to the auditing procedures applied in the audit of the financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Betty Montgomery
Auditor of State

November 6, 2006

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Intergovernmental	\$ 80,461	\$ 184,260	\$ 803,308	\$ 1,068,029
Fees Charged to Subdivisions	131,184	48,777		179,961
Other Receipts		13,347	27,092	40,439
Total Cash Receipts	211,645	246,384	830,400	1,288,429
Cash Disbursements:				
Salaries	136,424	7,921		144,345
Supplies	11,888	215		12,103
Equipment		24,941	689,604	714,545
Training	11,282			11,282
Contracts - Repairs	2,873	13,426		16,299
Contracts - Services	26,686	93,524		120,210
Travel	2,883			2,883
Public Employees' Retirement	18,485	1,073		19,558
Workers' Compensation	693	28		721
Medicare	1,935	115		2,050
Hospitalization	14,550	218		14,768
Other	8,417	2,425	1,692	12,534
Total Cash Disbursements	236,116	143,886	691,296	1,071,298
Total Cash Receipts Over/(Under) Cash Disbursements	(24,471)	102,498	139,104	217,131
Fund Cash Balances, January 1	104,261	56,349	(65,307)	95,303
Fund Cash Balances, December 31	\$ 79,790	\$ 158,847	\$ 73,797	\$ 312,434
Reserve for Encumbrances, December 31	\$ 9,793	\$ 2,445	\$ 19,806	\$ 32,044

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

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Intergovernmental	\$ 54,085	\$ 173,420	\$ 560,026	\$ 787,531
Fees Charged to Subdivisions	121,163	79,395	3,452	204,010
Other Receipts		1,135		1,135
Total Cash Receipts	175,248	253,950	563,478	992,676
Cash Disbursements:				
Salaries	124,569			124,569
Supplies	12,647	153		12,800
Equipment	1,345	16,848	576,137	594,330
Training	6,381	10,380		16,761
Contracts - Repairs	4,660			4,660
Contracts - Services	27,028	239,631		266,659
Travel	4,170			4,170
Public Employees' Retirement	16,879			16,879
Workers' Compensation	623			623
Medicare	1,776			1,776
Hospitalization	13,384			13,384
Other	8,511	15,379	8,258	32,148
Total Cash Disbursements	221,973	282,391	584,395	1,088,759
Total Cash Receipts Under Cash Disbursements	(46,725)	(28,441)	(20,917)	(96,083)
Other Financing Receipts/(Disbursements):				
Transfers-In			2,450	2,450
Transfers-Out	(2,450)			(2,450)
Total Other Financing Receipts/(Disbursements)	(2,450)	-	2,450	-
Excess Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(49,175)	(28,441)	(18,467)	(96,083)
Fund Cash Balances, January 1	153,436	84,790	(46,840)	191,386
Fund Cash Balances, December 31	\$ 104,261	\$ 56,349	\$ (65,307)	\$ 95,303
Reserve for Encumbrances, December 31	\$ 24,827	\$ 1,627	\$ 219,121	\$ 245,575

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

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Emergency Management Agency, Medina County, Ohio, (the Agency) as a body corporate and politic. The Agency is directed by a nine member Executive Committee pursuant to Ohio Revised Code Section 5502.26, and is responsible for the development of a county-wide emergency operation plan and the appointment of a Director who is responsible for the coordinating, organizing, administering, and operating of emergency management activities in accordance with the Agency's plan.

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 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 include adequate disclosure of material matters as the Auditor of State prescribes or permits.

C. Cash and Investments

The Medina County Auditor acts as fiscal agent for the Agency as required by Ohio Revised Code. The Medina County Treasurer is the custodian of the Agency's cash. 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 uses fund accounting to segregate cash that is restricted as to use. The Agency classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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 Fund:

Homeland Security Grant Fund – This fund receives federal grants for the purchase of equipment and to plan and conduct exercises to respond in case of a terrorist incident.

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The District had the following significant Capital Project Funds:

Capital Improvement Fund – This fund receives federal grants for long-range program development of emergency management within the County.

E. Budgetary Process

Although there is no legal requirement to prepare a budget, the Agency budgets each fund annually. The County Auditor acts as fiscal agent, and the Agency follows the budgetary procedures required by the County.

1. Appropriations

The Executive Committee annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Agency reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN CASH AND INVESTMENTS

The County Treasurer maintains a cash and investment pool used by all County funds. The carrying amount for the Agency's portion of cash and investments as of December 31, 2005 and 2004 was as follows:

	2005	2004
County Treasury	\$312,434	\$95,303

Deposits: Deposits held by the Medina County Treasurer are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the County or (3) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 257,000	\$ 211,645	\$ (45,355)
Special Revenue	3,423,000	246,384	(3,176,616)
Capital Projects	1,461,150	830,400	(630,750)
Total	\$ 5,141,150	\$ 1,288,429	\$ (3,852,721)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 283,713	\$ 245,909	\$ 37,804
Special Revenue	3,430,433	146,331	3,284,102
Capital Projects	1,462,000	711,102	750,898
Total	\$ 5,176,146	\$ 1,103,342	\$ 4,072,804

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 269,500	\$ 175,248	\$ (94,252)
Special Revenue	3,402,000	253,950	(3,148,050)
Capital Projects	769,250	565,928	(203,322)
Total	\$ 4,440,750	\$ 995,126	\$ (3,445,624)

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 287,402	\$ 249,250	\$ 38,152
Special Revenue	3,402,000	284,018	3,117,982
Capital Projects	763,000	803,516	(40,516)
Total	\$ 4,452,402	\$ 1,336,784	\$ 3,115,618

4. SUBDIVISION ASSESSMENTS

The subdivision fees are fees assessed to the subdivisions of the County that have elected to enter into a county-wide agreement to statutorily create the Agency. These fees are apportioned in accordance with the county budget commission's calculation of subdivision shares of the undivided local government fund as apportioned pursuant to Ohio Revised Code Sections 5747.51 and 5747.52.

5. RETIREMENT SYSTEM

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 retirement benefits, including postretirement healthcare and survivor and disability benefits to participants.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS employee members contributed 8.5 percent of their gross salaries. The Agency contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 2004. The Agency has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

The Agency is insured by the County through a cost allocation plan for the following risks:

- Comprehensive property and general liability
- Vehicle liability
- Errors and omissions

The Agency provides health insurance to the employees through the County's plan.

7. GRANTS

The Agency received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Agency at December 31, 2005.

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency</i>				
Homeland Security Cluster Emergency Management Performance Grants	2005EMT50001	97.042	\$ 51,845	\$ 27,238
State Homeland Security Program	2005GET50001	97.073	<u>217,920</u>	<u>327,835</u>
Total Homeland Security Cluster		97.067	269,765	355,073
State Domestic Preparedness Equipment Support Program	2002TECX0106 2003MUP30015 2004GET40025	16.007 97.004	 168,920 416,468	 213 44,775 356,977
Total State Domestic Preparedness Equipment Support Program		97.004	585,388	401,965
Flood Mitigation	EMC2001GR0019 EMC2003GR7043	97.029	184,260	74,066 15,506
Total Flood Mitigation		97.029	<u>184,260</u>	<u>89,572</u>
Total U.S. Department of Homeland Security			<u>1,039,413</u>	<u>846,610</u>
Total			<u>\$1,039,413</u>	<u>\$ 846,610</u>

The accompanying notes are an integral part of this schedule.

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed Through Ohio Emergency Management Agency</i>				
State Domestic Preparedness Equipment Support Program	2002TECX0106	16.007	\$ 10,283	\$ 10,070
	2003TETX0199		80,265	82,866
	2003MUP30015		256,869	298,713
	2004GET40025	97.004	<u>141,551</u>	<u>202,672</u>
Total State Domestic Preparedness Equipment Support Program		97.004	488,968	594,321
Flood Mitigation	EMC2003GR7043	97.029	217,801	239,631
Emergency Management Performance Grants	EMC2004GR7007	97.042	104,405	73,740
Homeland Security Cluster Emergency Management Performance Grants	2005EMT50001	97.042		25,176
State Homeland Security Program	2005GET50001	97.073		<u>9,553</u>
Total Homeland Security Cluster		97.067		34,729
State and Local all Hazards Emergency Operation Planning	EMC2003GR7026	83.562	<u>2,500</u>	<u>2,500</u>
Total U.S. Department of Homeland Security			<u>813,674</u>	<u>944,921</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Emergency Management Agency</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants		20.703	<u>2,553</u>	<u>5,543</u>
Total U.S. Department of Transportation			<u>2,553</u>	<u>5,543</u>
Total			<u>\$ 816,227</u>	<u>\$ 950,464</u>

The accompanying notes are an integral part of this schedule.

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULES
FISCAL YEARS ENDED 2005 AND 2004**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedules (the Schedules) summarizes activity of the Medina County Emergency Management Agency's federal award programs. The Schedules have been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Agency contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Agency has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedules.

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Auditor of State Betty Montgomery

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

Medina County Emergency Management Agency
Medina County
555 Independence Drive
Medina, Ohio 44256

To the Executive Committee:

We have audited the financial statements of the Medina County Emergency Management Agency, Medina County, Ohio, (the Agency) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated November 6, 2006, wherein we noted the Agency followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Agency's management dated November 6, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

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Medina County Emergency Management Agency
Medina County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Executive Committee, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 6, 2006



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Medina County Emergency Management Agency
Medina County
555 Independence Drive
Medina, Ohio 44256

To the Executive Committee:

Compliance

We have audited the compliance of Medina County Emergency Management Agency, Medina County, Ohio, (the Agency) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each of its major federal programs for the years ended December 31, 2005 and 2004. The summary of auditor's results section of the accompanying Schedule of Findings identifies the Agency's major federal programs. The Agency's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Medina County Emergency Management Agency, Medina County, Ohio complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the years ended December 31, 2005 and 2004. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying Schedule of Findings as item 2005-003.

Internal Control Over Compliance

The Agency's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Agency's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings as items 2005-001 and 2005-002.

A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We do not believe the reportable conditions described above are material weaknesses.

We intend this report solely for the information and use of management, the Executive Committee, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

November 6, 2006

**MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	2005 - # 97.004 - State Domestic Preparedness Equipment Support Program; #97.067 - Homeland Security Cluster.
<i>(d)(1)(vii)</i>	Major Programs (list):	2004 - # 97.004 - State Domestic Preparedness Equipment Support Program.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2005-001

Reportable Condition

Federal Awards Receipts and Expenditures Schedule

The U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* requires entities expending more than \$500,000 in federal awards to have a federal Single Audit performed and to present a federal awards expenditures schedule (the schedule). The information presented in this schedule is used by the auditors to determine major programs and is also used to compile the Data Collection Form filed with the Single Audit Clearing House. It is imperative that information presented in this schedule be accurate and complete.

Our testing revealed numerous errors with the Agency's Federal Awards Receipts and Expenditures Schedule which were adjusted during the audit. These errors included misclassified code of federal domestic assistance (CFDA) numbers, misclassified pass-through entity numbers, and incorrectly reported receipts and expenditures. The 2005 schedule receipts and expenditures were adjusted, in total, by \$673,813 and \$481,010, respectively. The 2004 schedule receipts and expenditures were adjusted, in total, by \$87,764 and \$46,473, respectively.

The Agency should develop procedures to ensure the amounts reported on its Federal Awards Receipts and Expenditures Schedule are complete and accurately reflect the Agency's receipts and expenditures related to all federal awards on the cash basis of accounting which they have elected. They should also ensure the CFDA numbers and pass-through entity numbers correspond with their grant agreements and are properly presented on the schedule. Failure to report accurate expenditures, CFDA numbers and pass-through entity numbers related could result in the selection of incorrect "Major Programs" for auditing in accordance with OMB Circular A-133. In addition, this could subject the Agency to fines and penalties from the federal awarding and/or pass-through agencies and loss of future federal awards.

Officials' Response: The Agency maintained records of monies received for the grant process, by grant and for the grant period, and not the State fiscal year. Annually the Agency extracted those dollars received for the fiscal year and entered them on the Federal Awards and Expenditure form and it was submitted to the County for inclusion with their reporting process for audit purposes.

The Agency Federal Awards Receipts and Expenditures procedures have been modified as recommended by the State Auditors to provide a clear and accurate report of awards and expenditures to insure compliance with OMB Circular A-133.

Finding Number	2005-002
CFDA Title and Number	# 97.004 - State Domestic Preparedness Equipment Support Program
Federal Award Number / Year	2002TECX0106; 2003TETX0199; 2003MUP30015; 2004GET40025
Federal Agency	U.S. Department of Homeland Security
Pass-Through Agency	Ohio Emergency Management Agency

Reportable Condition

Equipment Inventory and Listing

The A-102 Common Rule requires equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value of \$5,000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return. The Ohio Emergency Management Agency is required to comply with the requirements of the A-102 Common Rule, and as a subrecipient of the Ohio Emergency Management Agency, the Agency should enact similar procedures.

The Agency does not maintain a detailed listing of equipment purchased with federal funds received through the State Domestic Preparedness Equipment Support Program. Additionally, the Agency does not have procedures in place to take a physical inventory of equipment at least once every two years.

The Agency should develop a detailed equipment listing consisting of at least the following: unique asset tracking numbers; purchase dates; purchase prices; and asset locations. In addition, the Agency should enact procedures requiring a physical inventory of equipment purchased with federal funds at least every two years. The results of the inventory should be compared to the aforementioned equipment listing and any discrepancies should be investigated to ensure equipment purchased with federal funds is being properly safeguarded and maintained.

Officials' Response: Equipment purchased by federal grants was noted as to location and to whom it was assigned on internal purchase documents. We are revisiting all federal grants; past and present; and identifying all equipment locations utilizing the inventory form provided recently by the Ohio Emergency Management Agency to insure compliance with A-103 Common Rule.

FINDING NUMBER 2005-003

Noncompliance Citation

The U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, Section 200 requires non-federal entities that expend \$500,000 or more in a year in federal awards to have a single audit conducted.

The Agency expended \$950,464 of federal awards during 2004 and did not have a separate single audit performed. The Agency's 2004 single audit was performed concurrently with the Agency's 2005 single audit. The Agency should notify the Auditor of State office to request a single audit be performed for each year in which it expends \$500,000 or more in federal awards.

Officials' Response: Annually we have submitted our Federal Awards Receipts and Expenditures forms to the County and believe they have been included with the County's submittal for audit purposes. We were under the impression we were being audited annually as a part of the County audit process.

Now knowing that this is incorrect, we have established a bi-annual audit schedule with the State Auditor's office and if federal grant receipts exceed \$500,000 in any year the audit will be annual.



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MEDINA COUNTY EMERGENCY MANAGEMENT AGENCY

MEDINA 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
JANUARY 2, 2007**