



**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Council of Governments Board
Southwest Council of Governments
Cuyahoga County
6281 Pearl Road
Parma Heights, Ohio 44130

We have audited the accompanying financial statements of the Southwest Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Council'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 discussed in Note 1, the Council 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 fund cash balances of the Southwest Council of Governments, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, and its 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 March 27, 2000 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management and the Council of Governments Board, and other officials authorized to receive this report under § 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

March 27, 2000

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998**

<u>RECEIPTS</u>	<u>1999</u>	<u>1998</u>
Membership	\$76,500	\$57,000
Interest	2,538	3,984
Confiscations	1,239	
HAZ/MAT Clean Up Reimbursement Costs	31,607	37,186
Miscellaneous	1,032	94
	<hr/>	<hr/>
Total Cash Receipts	112,916	98,264
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<u>DISBURSEMENTS</u>		
Administration	12,336	13,336
Training/Education	57,604	6,599
Equipment/Vehicles	51,084	37,129
Supplies/Uniforms	16,887	31,165
Communications	1,417	3,344
Insurance	6,992	7,024
	<hr/>	<hr/>
Total Cash Disbursements	146,320	98,597
	<hr/>	<hr/>
Excess of Receipts Over/(Under) Disbursements	(33,404)	(333)
	<hr/>	<hr/>
Fund Cash Balances, January 1	147,089	147,422
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Fund Cash Balances, December 31	<u>\$113,685</u>	<u>\$147,089</u>

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

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**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southwest Council of Governments, Cuyahoga County, Ohio, (the Council) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council was established in 1972 and incorporated under the statutory guidelines of Ohio Revised Code Chapter 167. The Council currently consists of the municipal corporations of Berea, Brecksville, Broadview Heights, Brooklyn, Brooklyn Heights, Brook Park, Brunswick, Independence, Middleburg Heights, Newburgh Heights, North Royalton, Olmsted Falls, Olmsted Township, Parma, Parma Heights, Seven Hills, Strongsville and Valley View.

The Council has two purposes. The Southwest Enforcement Bureau's purpose is to provide cooperative efforts between the law enforcement agencies of the members; serve as a forum for discussion of area-wide law enforcement problems; collect and exchange information relating to law enforcement activities; and to provide for the exchange of services, physical assistance, and mutual aid among members in such a manner as deemed necessary and appropriate by the Council for effective law enforcement. The West Cuyahoga HAZ/MAT Response District's purpose is to provide cooperative efforts between the fire departments of the members; serve as a forum for discussion of area-wide hazardous materials problems; collect and exchange information relating to fire protection activities; and to provide for the exchange of services, physical assistance, and mutual aid among members in such a manner as deemed necessary and appropriate by the Council for effective fire protection and hazardous materials response.

The Council's management believes these financial statements present all activities for which the Council 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 earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Repurchase agreements are valued at cost.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its fund as follows:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 39,053	\$ 38,217
Total investments	<u>74,632</u>	<u>108,872</u>
Total deposits and investments	<u>\$ 113,685</u>	<u>\$ 147,089</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in repurchase agreements are uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the Council's name.

3. RETIREMENT SYSTEMS

The Council's Secretary/Treasurer belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 1998 there were no employees in the Public Employees Retirement System. In 1999, the Secretary/Treasurer contributed 8.5% of his gross salary. The Council plans on contributing an amount equal to 13.55% of the Secretary/Treasurer's gross salary for 1999 but has not done this as of March 27, 2000.

4. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Commercial Crime Coverage
- Commercial Auto Coverage
- Commercial Inland Marine Coverage



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Council of Governments Board
Southwest Council of Governments
Cuyahoga County
6281 Pearl Road
Parma Heights, Ohio 44130

We have audited the financial statements of the Southwest Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 27, 2000. 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 Council'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 certain immaterial instances of noncompliance that we have reported to management of the Council in a separate letter dated March 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Council'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 Council in a separate letter dated March 27, 2000.

Southwest Council of Governments
Cuyahoga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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This report is intended for the information and use of management, the audit committee and the Council of Governments Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000



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SOUTHEAST COUNCIL OF GOVERNMENTS

CUYAHOGA 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
APRIL 27, 2000**