



**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2003 & 2002



**Auditor of State
Betty Montgomery**

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2003	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type - For the Year Ended December 31, 2002	4
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	7

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

South Euclid-Lyndhurst Recreation Commission
Cuyahoga County
4843 Mayfield Road
Lyndhurst, OH 44124

To the Regional Council:

We have audited the accompanying financial statements of the South Euclid-Lyndhurst Recreation Commission (SELREC), Cuyahoga County, Ohio, as of and for the years ended June 30, 2003 and June 30, 2002. These financial statements are the responsibility of the SELREC'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1, SELREC 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 of the South Euclid-Lyndhurst Recreation Commission, Cuyahoga County, Ohio, as of June 30, 2003 and June 30, 2002, 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 August 8, 2003 on our consideration of the SELREC's internal control over financial reporting and our tests of its compliance with certain provisions of 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 audit.

This report is intended solely for the information and use of management, the Regional Council 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 8, 2003

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

This page intentionally left blank.

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Enterprise Fund</u>
Operating Cash Receipts:	
Classroom Materials and Recreation Fees	\$817,978
Total Operating Cash Receipts	817,978
Operating Cash Disbursements:	
Salaries and Benefits	214,643
Employees' Retirement and Insurance	75,849
Purchased and Contracted Services	547,950
Supplies and Materials	18,223
Other	49,577
Capital Outlay	253
Total Operating Cash Disbursements	906,495
Operating Income/(Loss)	(88,517)
Non-Operating Cash Receipts:	
Earnings on Investments	5,264
Other Non-Operating Receipts	117,550
Total Non-Operating Cash Receipts	122,814
Excess of Receipts Over/(Under) Disbursements	34,297
Fund Cash Balances, July 1, 2002	432,141
Fund Cash Balances, June 30, 2003	\$466,438

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

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise Fund
Operating Cash Receipts:	
Classroom Materials and Recreation Fees	\$796,767
Total Operating Cash Receipts	796,767
Operating Cash Disbursements:	
Salaries and Benefits	206,247
Employees' Retirement and Insurance	69,272
Purchased and Contracted Services	570,650
Supplies and Materials	25,353
Other	69,005
Capital Outlay	6,154
Total Operating Cash Disbursements	946,681
Operating Income/(Loss)	(149,914)
Non-Operating Cash Receipts:	
Earnings on Investments	10,172
Other Non-Operating Receipts	117,801
Total Non-Operating Cash Receipts	127,973
Excess of Receipts Over/(Under) Disbursements	(21,941)
Fund Cash Balances, July 1, 2001	454,082
Fund Cash Balances, June 30, 2002	\$432,141

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

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

South Euclid-Lyndhurst Recreation Commission, Cuyahoga County, (the SELREC) is a regional council of governments established by the Cities of South Euclid and Lyndhurst, and the South Euclid-Lyndhurst City School District under authority of Chapter 167 of the Ohio Revised Code. This regional council of governments was created for the purpose of cooperatively establishing, promoting and coordinating community education and recreation. The participants retain an ongoing financial interest and responsibility.

The regional council is comprised of the Mayors of the City of South Euclid and the City of Lyndhurst and the Superintendent of the South Euclid-Lyndhurst City School District. The regional council members each appoint three members to an advisory committee which are the SELREC Commissioners.

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 disclosures of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The South Euclid-Lyndhurst City School District Treasurer is the fiscal agent of SELREC. All collections are remitted to either the Treasurer or local depository for deposit. All disbursements are made either by check or through internal School District transfers prepared by the Treasurer, and drawn on deposits held in the name of the South Euclid-Lyndhurst City School District. The School District Treasurer maintains a STAR Ohio investment account in the name of SELREC. The remaining SELREC cash balance is pooled with the South Euclid Lyndhurst City School District. The carrying amount of pooled cash and investments held by the fiscal agent for SELREC as of June 30, 2003 and June 30, 2002 totaled \$466,438 and \$432,141, respectively.

D. Fund Accounting

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

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. 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 on the accompanying financial statements.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the SELREC uses.

2. RETIREMENT SYSTEM

SELREC's employees are covered by the School Employees Retirement Systems (SERS). SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contributions rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of SERS contributed 9% of their wages to the SERS. SELREC contributed an amount equal to 14% of participants' wages. SELREC has paid all contributions required through June 30, 2003.

3. RISK MANAGEMENT

The South Euclid-Lyndhurst Recreation Commission has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Errors and omissions.

4. RELATED PARTY TRANSACTIONS

During the fiscal years ended June 30, 2003 and June 30, 2002, SELREC rented space from the South Euclid-Lyndhurst City School District. SELREC pays 4% of the previous years receipts as a fiscal fee to the School District for certain administrative services, as well as custodial and maintenance services. During fiscal years 2003 and 2002, SELREC paid the South Euclid-Lyndhurst City School District a fiscal fee of \$36,990 and \$35,337, respectively.

In each of the fiscal years 2003 and 2002, SELREC received annual contributions totaling \$103,955 from the Cities of South Euclid and Lyndhurst and the South Euclid-Lyndhurst City School District. These contributions are reflected as miscellaneous non-operating cash receipts in the accompanying financial statements.



**Auditor of State
Betty Montgomery**

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

South Euclid-Lyndhurst Recreation Commission
Cuyahoga County
4843 Mayfield Road
Lyndhurst, OH 44124

To the Regional Council:

We have audited the financial statements of the South Euclid-Lyndhurst Recreation Commission (SELREC), Cuyahoga County, Ohio, as of and for the years ended June 30, 2003 and June 30, 2002, and have issued our report thereon dated August 8, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the SELREC'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 audit 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the SELREC'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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of SELREC in a separate letter dated August 8, 2003.

This report is intended solely for the information and use of management and the Regional Council, and is not intended to be and should not be used by 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

August 8, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SOUTH EUCLID-LYNDHURST RECREATION COMMISSION

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
OCTOBER 9, 2003**