



Dave Yost • Auditor of State



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Westshore Council of Governments  
Cuyahoga County  
350 Dover Center Road  
Bay Village, Ohio 44140

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Westshore Council of Governments, Cuyahoga County, Ohio, (the Council), as of and for the year ended December 31, 2013 and December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 Council'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 Council's internal control. Accordingly, we express no 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Westshore Council of Governments, Cuyahoga County, Ohio, as of December 31, 2013 and December 31, 2012, and the changes in its financial position and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, 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 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 Council's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 10, 2014

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

The management's discussion and analysis of the Westshore Council of Government's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ending December 31, 2013. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- Total net position of the Council was \$685,420 at December 31, 2013. This was an increase of \$45,660 or 7.14% from the balance at December 31, 2012.
- The Council had operating revenues of \$498,722 and operating expenses of \$673,654 during 2013. The Council also had \$220,569 in federal, state and local grants and \$23 in interest revenue during 2013.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Council, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the Council finances and meets the cash flow needs of its operations.

**Reporting the Council Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2013?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Council as a whole, the *financial position* of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report. The statement of cash flows can be found on page 9.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-19 of this report.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

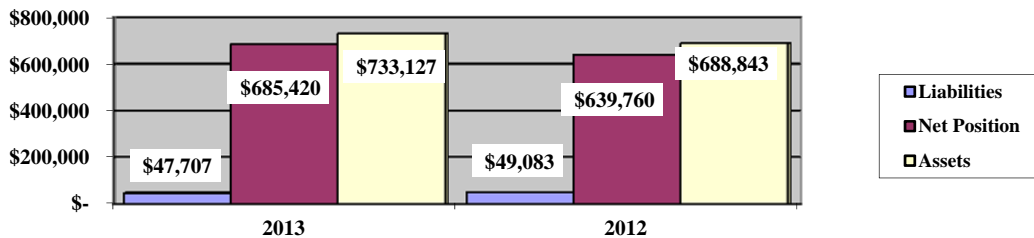
The table below provides a summary of the Council's net position at December 31, 2013 and December 31, 2012.

	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current assets	\$ 385,638	\$ 292,795
Capital assets, net	<u>347,489</u>	<u>396,048</u>
Total assets	<u>733,127</u>	<u>688,843</u>
<b><u>Liabilities</u></b>		
Current liabilities	38,723	31,535
Non-current liabilities	<u>8,984</u>	<u>17,548</u>
Total liabilities	<u>47,707</u>	<u>49,083</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	329,941	371,103
Unrestricted	<u>355,479</u>	<u>268,657</u>
Total net position	<u>\$ 685,420</u>	<u>\$ 639,760</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the Council's assets exceeded liabilities by \$685,420. Of this total, \$355,479 is unrestricted.

At year-end, capital assets represented 47.40% of total assets. Capital assets consisted of equipment and vehicles. There is no debt related to these capital assets. Capital assets are used to provide services and are not available for future spending.

The chart below illustrates the Council's assets, liabilities and net position at December 31, 2013 and December 31, 2012.





**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013

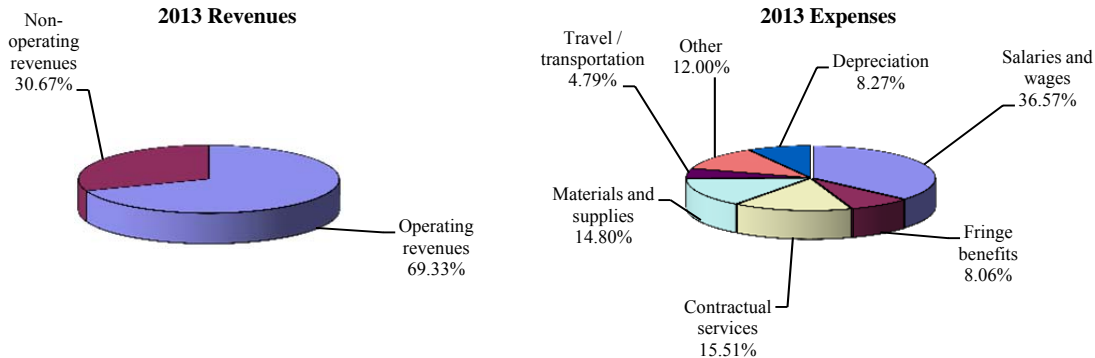
The table below shows the changes in net position for 2013 and 2012.

**Change in Net Position**

	<u>2013</u>	<u>2012</u>
<b><u>Operating Revenues:</u></b>		
Member dues	\$ 333,169	\$ 305,906
Fines and forfeitures	156,676	42,182
Other operating revenues	<u>8,877</u>	<u>12,254</u>
Total operating revenue	<u>498,722</u>	<u>360,342</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	246,320	221,289
Fringe benefits	54,308	64,350
Contractual services	104,500	89,931
Materials and supplies	99,687	126,048
Travel/transportation	32,269	39,249
Other	80,864	20,119
Depreciation	<u>55,706</u>	<u>53,750</u>
Total operating expenses	<u>673,654</u>	<u>614,736</u>
<b><u>Non-operating revenues:</u></b>		
Federal, State and local grants	220,569	238,851
Interest income	23	58
Loss on disposal of capital assets	<u>-</u>	<u>(3,349)</u>
Total non-operating revenues	<u>220,592</u>	<u>235,560</u>
Change in net position	45,660	(18,834)
Net position at the beginning of the year	<u>639,760</u>	<u>658,594</u>
Net position at the end of the year	<u>\$ 685,420</u>	<u>\$ 639,760</u>

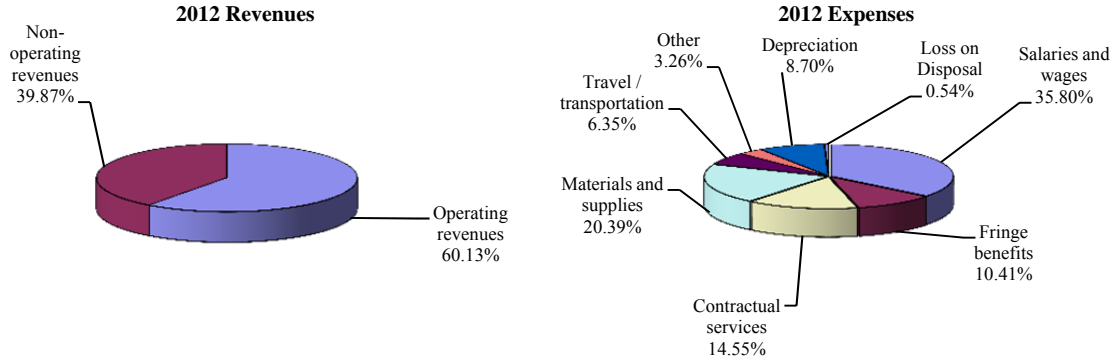
The primary operating revenues of the Council are member dues from the six member cities. These revenues account for 66.80% of total operating revenues. The largest expense of the Council is salaries and wages which accounts for 36.56% of expenses. The Council had three full time and three part employees during 2013.

The charts below illustrate the revenues and expenses for the Council for 2013 and 2012.



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2013



**Capital Assets**

At December 31, 2013, the Council had \$347,489 invested in equipment and vehicles. See Note 5 in the notes to the basic financial statements for more detail on capital assets.

**Capital Assets at December 31  
(Net of Depreciation)**

	Governmental Activities	
	2013	2012
Equipment	\$ 11,100	\$ 6,887
Vehicles	336,389	389,161
Net Capital Assets	<u>\$ 347,489</u>	<u>\$ 396,048</u>

**Long-Term Obligations**

At December 31, 2013, the Council had \$17,548 in capital leases outstanding. See Note 7 for details on long-term obligations.

**Current Financial Related Activities**

The Council receives contributions from the City of Bay Village, the City of Fairview Park, the City of Lakewood, the City of North Olmsted, the City of Rocky River and the City of Westlake. The Council relies on member contributions to continue operations. It is the intent of the Council to apply for Federal, State and Local funds that are made available to finance its operations.

**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Renee Mahoney, Fiscal Officer, Westshore Council of Governments, 350 Dover Center Road, Bay Village, Ohio 44140.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2013

**Assets:**

Current assets:

Cash and cash equivalents . . . . .	\$ 293,002	
Due from other governments . . . . .	89,855	
Prepayments. . . . .	2,781	
Total current assets . . . . .	385,638	

Non-current assets:

Depreciable capital assets, net . . . . .	347,489	
Total non-current assets . . . . .	347,489	
Total assets. . . . .	733,127	

**Liabilities:**

Current liabilities:

Accounts payable . . . . .	5,859	
Accrued wages and benefits . . . . .	1,783	
Compensated absences. . . . .	18,376	
Due to other governments . . . . .	3,554	
Travel reimbursement payable . . . . .	587	
Capital leases payable . . . . .	8,564	
Total current liabilities . . . . .	38,723	

Non-current liabilities:

Capital leases payable. . . . .	8,984	
Total non-current liabilities . . . . .	8,984	
Total liabilities . . . . .	47,707	

**Net position:**

Net investment in capital assets . . . . .	329,941	
Unrestricted . . . . .	355,479	
Total net position . . . . .	\$ 685,420	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013

<b>Operating revenues:</b>	
Member dues . . . . .	\$ 333,169
Fines and forfeitures . . . . .	156,676
Other operating revenues . . . . .	8,877
Total operating revenues . . . . .	<u>498,722</u>
 <b>Operating expenses:</b>	
Salaries and wages . . . . .	246,320
Fringe benefits . . . . .	54,308
Contractual services . . . . .	104,500
Materials and supplies . . . . .	99,687
Travel/transportation . . . . .	32,269
Other . . . . .	80,864
Depreciation . . . . .	55,706
Total operating expenses . . . . .	<u>673,654</u>
 Operating loss . . . . .	 <u>(174,932)</u>
 <b>Non-operating revenues:</b>	
Federal, State and local grants . . . . .	220,569
Interest revenue . . . . .	23
Total nonoperating revenues . . . . .	<u>220,592</u>
 Change in net position . . . . .	 45,660
 <b>Net position at beginning of year . . . . .</b>	 <u>639,760</u>
<b>Net position at end of year . . . . .</b>	<b><u>\$ 685,420</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

<b>Cash flows from operating activities:</b>	
Cash received from member dues . . . . .	\$ 333,169
Cash received from fines and forfeitures . . . . .	156,676
Cash received from other operations . . . . .	8,877
Cash payments for salaries and wages. . . . .	(231,125)
Cash payments for fringe benefits . . . . .	(55,221)
Cash payments to suppliers for goods and services . . . . .	(106,864)
Cash payments for materials and supplies . . . . .	(113,426)
Cash payments for travel/transportation . . . . .	(32,052)
Cash payments for other expenses . . . . .	(80,864)
Net cash used in operating activities. . . . .	<u>(120,830)</u>
<b>Cash flows from noncapital financing activities:</b>	
Cash received from federal, State and local grants . . . . .	<u>228,507</u>
Net cash provided by noncapital financing activities . . . . .	<u>228,507</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets . . . . .	<u>(7,147)</u>
Net cash used in capital and related financing activities. . . . .	<u>(7,147)</u>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	<u>23</u>
Net cash provided by investing activities . . . . .	<u>23</u>
Net increase in cash and cash equivalents. . . . .	100,553
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<u>192,449</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 293,002</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (174,932)
Adjustments:	
Depreciation . . . . .	55,706
Changes in assets and liabilities:	
(Increase) in prepayments . . . . .	(228)
(Decrease) in accounts payable. . . . .	(4,791)
Increase in accrued wages and benefits . . . . .	682
(Decrease) in due to other governments. . . . .	(913)
Increase in compensated absences payable . . . . .	10,826
Increase in travel reimbursement payable . . . . .	217
(Decrease) in capital lease payable. . . . .	(7,397)
Net cash used in operating activities . . . . .	<u><u>\$ (120,830)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Westshore 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 operates under the direction of a six-member Council of Mayors and a six-member Council of Police Chiefs. The Council of Police Chiefs provides its member communities with the enforcement against illegal drug activity in the western part of Cuyahoga County.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Council's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Council are not misleading. The Council has no component units and no other governmental organizations other than the Council itself are included in the financial reporting entity.

**B. Fund Accounting**

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**C. Basis of Presentation**

The Council's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The Council uses a single enterprise fund to maintain its financial records during the year.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Revenues received in advance are unearned and recognized as earned over the period to which they relate.

The Council's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the Council's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Council finances and meets the cash flows of its enterprise activity.

The Council distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from dues assessed to member cities. Operating expenses for the Council include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include grants and interest earnings.

**E. Cash and Investments**

All cash the Council receives is maintained at a central bank. For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Council are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

An analysis of the Council's cash and investments at fiscal year-end is provided in Note 3.

**F. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Net Position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. Budgetary Process**

The Ohio Revised Code does not require the Council to budget annually. However, the management prepares a budget for internal monitoring. Budgetary basis expenditures include outstanding year end encumbrances. A summary of current year budgetary activity appears in Note 10.

**I. Intergovernmental Revenue**

The Council currently receives nonoperating grants through the Edward Byrne Memorial Justice Assistance Grant, the Ohio Drug Law Enforcement Fund, the National Association of Drug Diversion Investigators (NADDI) and the Cuyahoga County HazMat Grant. Revenues from these grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

**J. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market value as of the date received. The Council maintains a capitalization threshold of \$5,000. The Council does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of equipment and vehicles is computed using the straight-line method over estimated useful lives of three to thirty years.

**K. Compensated Absences**

Council employees are entitled to sick leave, vacation leave and compensatory time each year. Employees are permitted to carry over unused sick leave and compensatory time but there is no payment for unused sick leave and compensatory time at year end. Employee's vacation balances can be carried over until their specific anniversary date. A liability for unused vacation time exists at year end.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**A. Cash on Hand**

At year end, the Council had \$3,500 in undeposited cash on hand, which is included on the statement of net position of the Council as part of "cash and cash equivalents".

**B. Deposits with Financial Institutions**

At December 31, 2013, the carrying amount of all Council deposits was \$289,502. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2013, all of the Council's bank balance of \$291,424 was covered by the Federal Deposit Insurance Corporation (FDIC).

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 289,502
Cash on hand	<u>3,500</u>
Total	<u>\$ 293,002</u>
 <u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 293,002</u>

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 4 - RISK MANAGEMENT**

**Commercial Insurance**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the Council contracted with St. Paul/Travelers and AAIC for their insurance.

The types and amounts of coverage are as follows:

Type of Coverage	Coverage
Excess liability	\$ 5,000,000
Commercial general liability - each occurrence	1,000,000
Commercial general liability - aggregate	2,000,000
Automobile liability	1,000,000
Worker's compensation and employer's liability	1,000,000
Public official liability	1,000,000
Police liability	1,000,000
HazMat - each occurrence	1,000,000
HazMat - aggregate	2,000,000

Settled claims have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

A summary of the Council's capital assets at December 31, 2013, follows.

	Balance 12/31/12	Additions	Deductions	Balance 12/31/13
<i>Capital assets, being depreciated</i>				
Equipment	\$ 19,143	\$ 7,147	\$ -	\$ 26,290
Vehicles	<u>626,237</u>	<u>-</u>	<u>-</u>	<u>626,237</u>
<i>Total capital assets, being depreciated</i>	<u>645,380</u>	<u>7,147</u>	<u>-</u>	<u>652,527</u>
<i>Less: Accumulated Depreciation</i>				
Equipment	(12,256)	(2,934)	-	(15,190)
Vehicles	<u>(237,076)</u>	<u>(52,772)</u>	<u>-</u>	<u>(289,848)</u>
<i>Total accumulated depreciation</i>	<u>(249,332)</u>	<u>(55,706)</u>	<u>-</u>	<u>(305,038)</u>
<i>Net Capital Assets</i>	<u>\$ 396,048</u>	<u>\$ (48,559)</u>	<u>\$ -</u>	<u>\$ 347,489</u>

**NOTE 6 - RECEIVABLES**

At year end, the Council had \$89,855 in due from other governments related to the Justice Assistance Grant and the Ohio Drug Law Enforcement Fund. This amount is expected to be received in the subsequent year.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 7 – LONG-TERM OBLIGATIONS**

Changes in the Council’s long-term obligations during 2013 were as follows:

	Balance <u>12/31/2012</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2013</u>	Due Within <u>One Year</u>
Capital lease obligation	\$ 24,945	\$ -	\$ (7,397)	\$ 17,548	\$ 8,564
Compensated absences	<u>7,550</u>	<u>18,376</u>	<u>(7,550)</u>	<u>18,376</u>	<u>18,376</u>
Total governmental activities long-term liabilities	<u>\$ 32,495</u>	<u>\$ 18,376</u>	<u>\$ (14,947)</u>	<u>\$ 35,924</u>	<u>\$ 26,940</u>

The entire balance of the compensated absences liability is due within one year and thus will be reported as a current liability on the statement of net position.

**Capital Lease - Lessee Disclosure**

In a prior fiscal year, the Council entered into a capital lease agreement for the acquisition of a truck.

This lease meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets, acquired by lease, have been capitalized in the amount of \$24,945. This amount is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded. Accumulated depreciation on the vehicle totaled \$3,742 leaving a current book value of \$21,203.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Vehicles</u>
2014	\$ 9,221
2015	<u>9,220</u>
Total minimum lease payments	18,441
Less: amount representing interest	<u>(893)</u>
Present value of future minimum lease payments	<u>\$ 17,548</u>

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 8 - PENSION PLANS**

**Ohio Public Employees Retirement System**

Plan Description - The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.00% and 11.60%, respectively. The Council's contribution rate for 2013 was 14.00% and 18.10% of covered payroll.

The Council's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The Council's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$30,568, \$23,452, and \$30,651, respectively; 90.49% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements.

**NOTE 9 - POSTRETIREMENT BENEFIT PLANS**

**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 9 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Council's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$3,826, \$8,497, and \$12,261, respectively; 90.49% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**NOTE 10 - BUDGETARY ACTIVITY**

While reporting financial position, results of operations, and changes in net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash disbursements plus outstanding encumbrances at year end.

Budgetary activity for the year ended December 31, 2013 is as follows:

<u><b>2013 Budgeted vs. Actual Budgetary Basis Expenditures</b></u>			
<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise	\$ 679,198	\$ 626,699	\$ 52,499

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

**NOTE 11 - ACCOUNTABILITY AND COMPLIANCE**

For fiscal year 2013, the Council has implemented GASB Statement No. 61, *“The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”* and GASB Statement No. 66, *“Technical Corrections-2012”*.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Council.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, *“Fund Balance Reporting and Governmental Fund Type Definitions”* and GASB Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”*. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Council.

**NOTE 12 - SUBSEQUENT EVENT**

In 2014, Renee Mahoney became fiscal officer of the Council taking over for Steve Presley.

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**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

The management's discussion and analysis of the Westshore Council of Government's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ending December 31, 2012. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- Total net position of the Council was \$639,760 at December 31, 2012. This was a decrease of \$18,834 or 2.86% from the balance at December 31, 2011.
- The Council had operating revenues of \$360,342 and operating expenses of \$614,736 during 2012. The Council also had \$238,851 in Federal, State and local grants, \$58 in interest revenue and a loss on disposal of \$3,349 during 2012.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Council, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the Council finances and meets the cash flow needs of its operations.

**Reporting the Council Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2012?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Council as a whole, the *financial position* of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 25 and 26 of this report. The statement of cash flows can be found on page 27.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 29-38 of this report.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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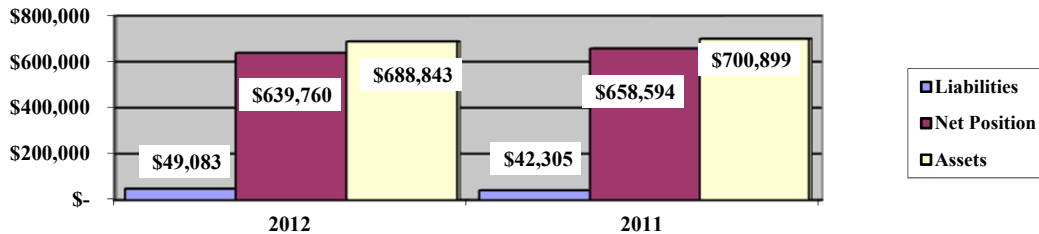
The table below provides a summary of the Council's net position at December 31, 2012 and December 31, 2011.

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current assets	\$ 292,795	\$ 280,962
Capital assets, net	396,048	419,937
Total assets	688,843	700,899
<b><u>Liabilities</u></b>		
Current liabilities	31,535	42,305
Non-current liabilities	17,548	-
Total liabilities	49,083	42,305
<b><u>Net Position</u></b>		
Net investment in capital assets	371,103	419,937
Unrestricted	268,657	238,657
Total net position	\$ 639,760	\$ 658,594

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2012, the Council's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$639,760. Of this total, \$268,657 is unrestricted.

At year-end, capital assets represented 57.49% of total assets. Capital assets consisted of equipment and vehicles. There is no debt related to these capital assets. Capital assets are used to provide services and are not available for future spending.

The chart below illustrates the Council's assets, liabilities and net position at December 31, 2012 and December 31, 2011.



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012

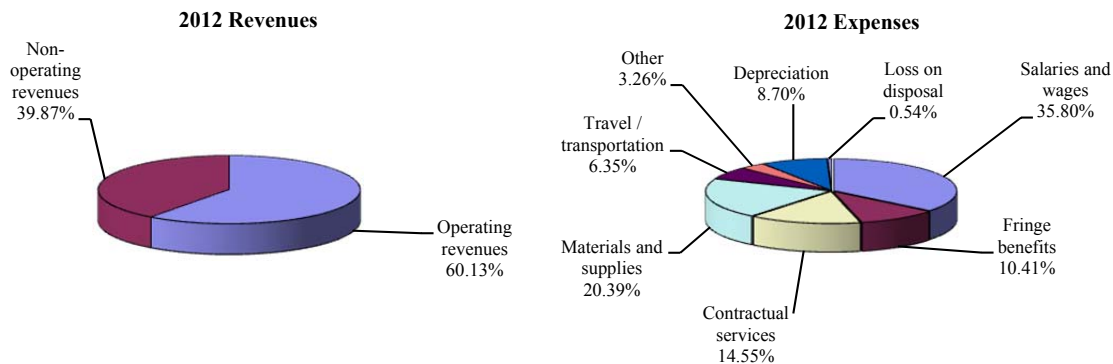
The table below shows the changes in net position for 2012 and 2011.

**Change in Net Position**

	<u>2012</u>	<u>2011</u>
<b><u>Operating Revenues:</u></b>		
Member dues	\$ 305,906	\$ 305,900
Fines and forfeitures	42,182	24,406
Other operating revenues	<u>12,254</u>	<u>37,937</u>
Total operating revenue	<u>360,342</u>	<u>368,243</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	221,289	273,290
Fringe benefits	64,350	63,048
Contractual services	89,931	44,478
Materials and supplies	126,048	111,582
Travel/transportation	39,249	41,767
Other	20,119	22,255
Depreciation	<u>53,750</u>	<u>48,747</u>
Total operating expenses	<u>614,736</u>	<u>605,167</u>
<b><u>Non-operating revenues (expenses):</u></b>		
Federal, State and local grants	238,851	266,993
Interest income	58	115
Loss on disposal of capital assets	<u>(3,349)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>235,560</u>	<u>267,108</u>
Change in net position	(18,834)	30,184
Net position at the beginning of the year	<u>658,594</u>	<u>628,410</u>
Net position at the end of the year	<u>\$ 639,760</u>	<u>\$ 658,594</u>

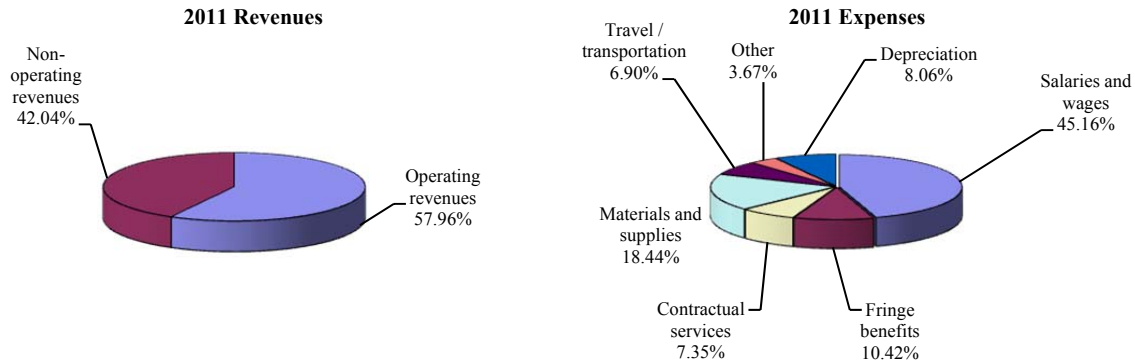
The primary operating revenues of the Council are member dues from the six member cities. These revenues account for 84.89% of total operating revenues. The largest expense of the Council is salaries and wages which accounts for 36.00% of expenses. The Council had three full time and three part employees during 2012.

The charts below illustrate the revenues and expenses for the Council for 2012 and 2011.



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**



**Capital Assets**

At December 31, 2012, the Council had \$396,048 invested in equipment and vehicles. See Note 5 in the notes to the basic financial statements for more detail on capital assets.

**Capital Assets at December 31  
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Equipment	\$ 6,887	\$ 3,778
Vehicles	<u>389,161</u>	<u>416,159</u>
Net Capital Assets	<u>\$ 396,048</u>	<u>\$ 419,937</u>

**Long-Term Obligations**

At December 31, 2012, the Council had \$24,945 in capital leases outstanding. See Note 7 for details on long-term obligations.

**Current Financial Related Activities**

The Council receives contributions from the City of Bay Village, the City of Fairview Park, the City of Lakewood, the City of North Olmsted, the City of Rocky River and the City of Westlake. The Council relies on member contributions to continue operations. It is the intent of the Council to apply for Federal, State and Local funds that are made available to finance its operations.

**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Renee Mahoney, Fiscal Officer, Westshore Council of Governments, 350 Dover Center Road, Bay Village, Ohio 44140.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2012

**Assets:**

Current assets:

Cash and cash equivalents . . . . .	\$	192,449
Due from other governments . . . . .		97,793
Prepayments. . . . .		2,553
		292,795
Total current assets . . . . .		292,795

Non-current assets:

Depreciable capital assets, net . . . . .		396,048
		396,048
Total non-current assets . . . . .		396,048
Total assets. . . . .		688,843

**Liabilities:**

Current liabilities:

Accounts payable . . . . .		10,650
Accrued wages and benefits . . . . .		1,101
Compensated absences. . . . .		7,550
Due to other governments . . . . .		4,467
Travel reimbursement payable . . . . .		370
Capital leases payable. . . . .		7,397
		31,535
Total current liabilities . . . . .		31,535

Non-current liabilities:

Capital leases payable. . . . .		17,548
		17,548
Total non-current liabilities . . . . .		17,548
Total liabilities . . . . .		49,083

**Net position:**

Net investment in capital assets . . . . .		371,103
Unrestricted . . . . .		268,657
		639,760
Total net position . . . . .	\$	639,760

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2012

<b>Operating revenues:</b>	
Member dues . . . . .	\$ 305,906
Fines and forfeitures . . . . .	42,182
Other operating revenues . . . . .	12,254
Total operating revenues . . . . .	<u>360,342</u>
 <b>Operating expenses:</b>	
Salaries and wages . . . . .	221,289
Fringe benefits . . . . .	64,350
Contractual services . . . . .	89,931
Materials and supplies . . . . .	126,048
Travel/transportation . . . . .	39,249
Other . . . . .	20,119
Depreciation . . . . .	53,750
Total operating expenses . . . . .	<u>614,736</u>
 Operating loss . . . . .	 <u>(254,394)</u>
 <b>Non-operating revenues (expenses):</b>	
Federal, State and local grants . . . . .	238,851
Interest revenue . . . . .	58
Loss on disposal of capital assets . . . . .	(3,349)
Total nonoperating revenues (expenses) . . . . .	<u>235,560</u>
 Change in net position . . . . .	 (18,834)
 <b>Net position at beginning of year . . . . .</b>	 <u>658,594</u>
<b>Net position at end of year . . . . .</b>	<b><u>\$ 639,760</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<b>Cash flows from operating activities:</b>	
Cash received from member dues . . . . .	\$ 305,906
Cash received from fines and forfeitures . . . . .	42,182
Cash received from other operations . . . . .	12,254
Cash payments for salaries and wages. . . . .	(238,117)
Cash payments for fringe benefits . . . . .	(65,619)
Cash payments to suppliers for goods and services . . . . .	(87,510)
Cash payments for materials and supplies . . . . .	(127,650)
Cash payments for travel/transportation . . . . .	(39,904)
Cash payments for other expenses . . . . .	(20,119)
	(218,577)
Net cash used in operating activities . . . . .	(218,577)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from federal, State and local grants . . . . .	144,411
	144,411
Net cash provided by noncapital financing activities. . . . .	144,411
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets . . . . .	(8,265)
	(8,265)
Net cash used in capital and related financing activities. . . . .	(8,265)
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	58
	58
Net cash provided by investing activities . . . . .	58
Net decrease in cash and cash equivalents . . . . .	(82,373)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>274,822</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 192,449</b>
	192,449
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (254,394)
Adjustments:	
Depreciation . . . . .	53,750
Changes in assets and liabilities:	
Decrease in prepayments . . . . .	234
Increase in accounts payable. . . . .	1,757
Increase in accrued wages and benefits . . . . .	1,101
(Decrease) in due to other governments. . . . .	(7,067)
(Decrease) in compensated absences payable . . . . .	(12,131)
(Decrease) in utilities payable . . . . .	(1,528)
(Decrease) in travel reimbursement payable . . . . .	(299)
	(299)
Net cash used in operating activities . . . . .	\$ (218,577)
	(218,577)

**Non-cash transactions:**

During 2012, the Council entered into a lease-purchase agreement for a truck in the amount of \$24,945.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Westshore 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 operates under the direction of a six-member Council of Mayors and a six-member Council of Police Chiefs. The Council of Police Chiefs provides its member communities with the enforcement against illegal drug activity in the western part of Cuyahoga County.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Council have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Council's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39 "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Council are not misleading. The Council has no component units and no other governmental organizations other than the Council itself are included in the financial reporting entity.

**B. Fund Accounting**

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

**C. Basis of Presentation**

The Council's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The Council uses a single enterprise fund to maintain its financial records during the year.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**D. Basis of Accounting/Measurement Focus**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Revenues received in advance are unearned and recognized as earned over the period to which they relate.

The Council's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the Council's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Council finances and meets the cash flows of its enterprise activity.

The Council distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from dues assessed to member cities. Operating expenses for the Council include the cost of providing these services, including administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Nonoperating revenues include grants and interest earnings.

**E. Cash and Investments**

All cash the Council receives is maintained at a central bank. For purposes of the statement of cash flows and for reporting on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Council are considered to be "cash equivalents". Investments with an initial maturity of more than three months are considered to be "investments".

An analysis of the Council's cash and investments at fiscal year-end is provided in Note 3.

**F. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. These items are reported as assets on the statement of net position using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense is reported in the year in which services are consumed.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Net Position**

Net position represents the difference between assets plus deferred outflows less liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**H. Budgetary Process**

The Ohio Revised Code does not require the Council to budget annually. However, the management prepares a budget for internal monitoring. Budgetary basis expenditures include outstanding year end encumbrances. A summary of current year budgetary activity appears in Note 10.

**I. Intergovernmental Revenue**

The Council currently receives nonoperating grants through the Edward Byrne Memorial Justice Assistance Grant, the Ohio Drug Law Enforcement Fund, the National Association of Drug Diversion Investigators (NADDI) and the Cuyahoga County HazMat Grant. Revenues from these grants are recognized as nonoperating revenue in the accounting period in which it is earned, essentially the same as the fiscal year.

**J. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their fair market value as of the date received. The Council maintains a capitalization threshold of \$5,000. The Council does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of equipment and vehicles is computed using the straight-line method over estimated useful lives of three to thirty years.

**K. Compensated Absences**

Council employees are entitled to sick leave, vacation leave and compensatory time each year. Employees are permitted to carry over unused sick leave and compensatory time but there is no payment for unused sick leave and compensatory time at year end. Employee's vacation balances can be carried over until their specific anniversary date. A liability for unused vacation time exists at year end.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**L. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

**A. Cash on Hand**

At year end, the Council had \$3,500 in undeposited cash on hand, which is included on the statement of net position of the Council as part of "cash and cash equivalents".

**B. Deposits with Financial Institutions**

At December 31, 2012, the carrying amount of all Council deposits was \$188,949. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2012, all of the Council's bank balance of \$199,736 was covered by the Federal Deposit Insurance Corporation (FDIC).

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 188,949
Cash on hand	<u>3,500</u>
Total	<u>\$ 192,449</u>
 <u>Cash and investments per statement of net position</u>	
Business-type activities	<u>\$ 192,449</u>

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 4 - RISK MANAGEMENT**

**Commercial Insurance**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the Council contracted with St. Paul/Travelers and AAIC for their insurance.

The types and amounts of coverage are as follows:

Type of Coverage	Coverage
Excess liability	\$ 5,000,000
Commercial general liability - each occurrence	1,000,000
Commercial general liability - aggregate	3,000,000
Automobile liability	1,000,000
Worker's compensation and employer's liability	1,000,000
Public official liability	1,000,000
Police liability	1,000,000
HazMat - each occurrence	1,000,000
HazMat - aggregate	2,000,000

Settled claims have not exceeded commercial insurance coverage in any of the past three years and there was no significant change in insurance coverage from the prior year.

**NOTE 5 - CAPITAL ASSETS AND DEPRECIATION**

A summary of the Council's capital assets at December 31, 2012, follows.

	Balance 12/31/11	Additions	Deductions	Balance 12/31/12
<i>Capital assets, being depreciated</i>				
Equipment	\$ 15,839	\$ 8,265	\$ (4,961)	\$ 19,143
Vehicles	<u>603,792</u>	<u>24,945</u>	<u>(2,500)</u>	<u>626,237</u>
<i>Total capital assets, being depreciated</i>	<u>619,631</u>	<u>33,210</u>	<u>(7,461)</u>	<u>645,380</u>
<i>Less: Accumulated Depreciation</i>				
Equipment	(12,061)	(1,807)	1,612	(12,256)
Vehicles	<u>(187,633)</u>	<u>(51,943)</u>	<u>2,500</u>	<u>(237,076)</u>
<i>Total accumulated depreciation</i>	<u>(199,694)</u>	<u>(53,750)</u>	<u>4,112</u>	<u>(249,332)</u>
<i>Net Capital Assets</i>	<u>\$ 419,937</u>	<u>\$ (20,540)</u>	<u>\$ (3,349)</u>	<u>\$ 396,048</u>

**NOTE 6 - RECEIVABLES**

At year end, the Council had \$97,793 in due from other governments related to the Edward Byrne Memorial Justice Assistance Grant and the Ohio Drug Law Enforcement Fund. This amount is expected to be received in the subsequent year.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 7 - LONG-TERM OBLIGATIONS**

Changes in the Council's obligations for long-term obligations during 2012 were as follows:

	Balance <u>12/31/2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/2012</u>	Due Within <u>One Year</u>
Capital lease obligation	\$ -	\$ 24,945	\$ -	\$ 24,945	\$ 7,397
Compensated absences	19,681	-	(12,131)	7,550	7,550
Total governmental activities long-term liabilities	<u>\$ 19,681</u>	<u>\$ 24,945</u>	<u>\$ (12,131)</u>	<u>\$ 32,495</u>	<u>\$ 14,947</u>

The entire balance of the compensated absences liability is due within one year and thus will be reported as a current liability on the statement of net position.

**Capital Lease - Lessee Disclosure**

In the current fiscal year, the Council entered into a capital lease agreement for the acquisition of a truck.

This lease meet the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital assets, acquired by lease, have been capitalized in the amount of \$24,945. This amount is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded. Accumulated depreciation on the vehicle totaled \$1,247 leaving a current book value of \$23,698.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012:

<u>Year Ending December 31,</u>	<u>Vehicles</u>
2013	\$ 8,453
2014	9,221
2015	<u>9,220</u>
Total minimum lease payments	26,894
Less: amount representing interest	<u>(1,949)</u>
Present value of future minimum lease payments	<u>\$ 24,945</u>

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 8 - PENSION PLANS**

**Ohio Public Employees Retirement System**

Plan Description - The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (general sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and contribution rates were consistent across all three plans. The 2012 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 11.00% and 11.60%, respectively. The Council's contribution rate for 2012 was 14.00% and 18.10% of covered payroll.

The Council's contribution rate for pension benefits for members in the Traditional Plan for 2012 was 10.00%. The Council's contribution rate for pension benefits for members in the Combined Plan for 2012 was 7.95%. For those plan members in law enforcement and public safety, contributions were 14.10%. The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$23,452, \$30,651, and \$19,951, respectively; 87.82% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2012 were \$2,811 made by the Council and \$2,008 made by the plan members.

**NOTE 9 - POSTRETIREMENT BENEFIT PLANS**

**Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 9 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2012, local government employers contributed 14.00% (18.10% for public safety and law enforcement) of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2012 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Council's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$8,497, \$12,261, and \$11,374, respectively; 87.82% has been contributed for 2012 and 100% has been contributed for 2011 and 2010. The remaining 2012 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.



**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**NOTE 10 - BUDGETARY ACTIVITY**

While reporting financial position, results of operations, and changes in net position on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis is based upon accounting for certain transactions on a basis of cash disbursements plus outstanding encumbrances at year end.

Budgetary activity for the year ended December 31, 2012 is as follows:

**2012 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Enterprise	\$ 695,109	\$ 593,184	\$ 101,925

**NOTE 11 - ACCOUNTABILITY AND COMPLIANCE**

For 2012, the Council has implemented GASB Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*", GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*", GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Council.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Council.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Council's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB 65 had no effect on the Council.

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**NOTE 12 - SUBSEQUENT EVENT**

In 2014, Renee Mahoney became fiscal officer of the Council taking over for Steve Presley.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Westshore Council of Governments  
Cuyahoga County  
350 Dover Center Road  
Bay Village, Ohio 44140

To the Members of Council:

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 Westshore Council of Governments, Cuyahoga County, Ohio (the Council) as of and for the year ended December 31, 2013 and December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated November 10, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the 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 Council's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 Council'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. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Council'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, 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*.

***Entity's Response to Findings***

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the response 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 Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 10, 2014

**WESTSHORE COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

**FINDING NUMBER 2013-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Accounting weaknesses were noted in FY2013 and the following adjustments were made to the financial statements and where applicable to the accounting records by the fiscal officer:

- The Council did not record \$43,446 in fines and forfeitures. This resulted in an understatement of revenue and cash on the financial statements.
- The Council did not record grant receivables totaling \$46,818. This resulted in an understatement of revenue and receivables on the financial statements.

The lack of controls over the posting of financial transactions, financial reporting and footnote disclosure reporting resulted in material errors. This irregularity decreases the reliability of financial data throughout the year.

We recommend the Council adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects its activity and thereby increases the reliability of the financial data throughout the year.

**Official's Response:** I believe a function of the above two weaknesses is the lack of an adequate financial program that would accurately track all transactions. I will be working to incorporate a better method of tracking expenditures and receipts in order to avoid these occurrences in the future.

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# Dave Yost • Auditor of State

**WESTSHORE 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  
NOVEMBER 25, 2014**