



**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003



**Auditor of State
Betty Montgomery**

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

Southeast Area Law Enforcement Network
Cuyahoga County
165 Center Road
Bedford, Ohio 44146

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 28, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Southeast Area Law Enforcement Network
Cuyahoga County
165 Center Road
Bedford, Ohio 44146

To the Board of Trustees:

We have audited the accompanying financial statements of the Southeast Area Law Enforcement Network, Cuyahoga County, Ohio, (the Network) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Network's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Network has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Network to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Network does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat its statements. The Network has elected not to reformat its statements. Since this Network does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Network as of December 31, 2004, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Southeast Area Law Enforcement Network, Cuyahoga County, Ohio, as of December 31, 2004 and 2003, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2005, on our consideration of the Network's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

June 28, 2005

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - THE GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	2004	2003
Cash Receipts:		
Membership Dues	\$35,000	\$35,000
Earnings on Investments	73	37
Charges for Services	5,820	2,850
Total Cash Receipts	40,893	37,887
Cash Disbursements:		
Salaries	8,157	6,451
Purchased Services	9,790	7,683
Supplies and Materials	530	3,695
Equipment	2,187	1,649
Training Conferences	4,206	2,873
Miscellaneous	5,316	464
Total Cash Disbursements	30,186	22,815
Total Receipts Over/(Under) Disbursements	10,707	15,072
Excess of Cash Receipts Over/(Under) Over/(Under) Cash Disbursements	10,707	15,072
Cash Balances, January 1	25,370	10,298
Cash Balances, December 31	\$36,077	\$25,370

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

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**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southeast Area Law Enforcement Network, Cuyahoga County, Ohio, (the Network) is a Regional Network of Governments established under the authority of Ohio Revised Code Chapter 1702 and 167. The Network is comprised of six local municipalities. The Network is directed by a three-member Board of Trustees which is elected by the members. The Network was formed for the mutual interchange and sharing of police personnel and police equipment, as well as providing an effective means to disseminate information regarding the risk of terrorist attacks. Each member pays \$5,000 in annual membership dues.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

C. Cash and Investments

The accounting basis includes Investments as assets. This basis does not record investment purchases as disbursements or investments sales as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Network utilized a checking account during 2004 and 2003.

D. Fund Accounting

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

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

E. Property, Plant, and Equipment

The accounting basis recognizes acquisitions of property, plant, and equipment as disbursements when paid. The financial statements do not report these as assets.

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 follows:

	<u>2004</u>	<u>2003</u>
Total demand deposits	<u>\$36,077</u>	<u>\$25,370</u>

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

3. RISK MANAGEMENT

Commercial Insurance

The Network has obtained commercial insurance for vehicles



Auditor of State Betty Montgomery

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

Southeast Area Law Enforcement Network
Cuyahoga County
165 Center Road
Bedford, Ohio 44146

To the Board of Trustees:

We have audited the financial statements of the Southeast Area Law Enforcement Network, (the Network) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated June 28, 2005, wherein we noted the Network follows the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Network's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Network's management dated June 28, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Network's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Network's management dated June 28, 2005, we reported other matters related to noncompliance we deemed immaterial.

Southeast Area Law Enforcement Network
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

June 28, 2005

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	All expenditures should be supported and approved.	Yes	
2002-002	Segregation of duties for the banking process and financial reporting.	Yes	
2002-003	Accounting for equipment owned by the Council.	No	Not Corrected, reported in the 2004 and 2003 report



**Auditor of State
Betty Montgomery**

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SOUTHEAST AREA LAW ENFORCEMENT NETWORK

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
JULY 12, 2005**