



**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003



**Auditor of State
Betty Montgomery**

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

Tri-City Council of Governments
Cuyahoga County
27700 Hilliard Boulevard
Westlake, Ohio 44145

To the Executive Council:

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

June 17, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Tri-City Council of Governments
Cuyahoga County
27216 Hilliard Blvd.
Westlake, Ohio 44145

We have audited the accompanying financial statements of the Tri-City Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our 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 Council 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 Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Council 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 their statements. The Council has elected not to reformat its statements. Since this Council 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 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Tri-City Council of Governments, Cuyahoga County, Ohio, as of December 31, 2004 and December 31, 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 Council to include Management's Discussion and Analysis for the year ended December 31, 2004. The Council 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 17, 2005, 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. 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 17, 2005

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General Fund</u>
Cash receipts:	
Contributions	\$ <u>3,000</u>
Total cash receipts	<u>3,000</u>
Cash disbursements:	
Current:	
Operation and Maintenance	983
Utilities	<u>139</u>
Total program disbursements	<u>1,122</u>
Total receipts over/(under) program disbursements	1,878
Fund cash balance January 1, 2004	<u>924</u>
Fund cash balance December 31,2004	<u>\$ 2,802</u>

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

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>
Cash receipts:	
Contributions	\$ 3,000
Total cash receipts	<u>3,000</u>
Cash disbursements:	
Current:	
Operation and Maintenance	622
Utilities	<u>2,298</u>
Total program disbursements	<u>2,920</u>
Total receipts over/(under) program disbursements	80
Fund cash balance January 1, 2003	<u>844</u>
Fund cash balance December 31,2003	<u><u>\$ 924</u></u>

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

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tri-City Council of Governments, Cuyahoga County, Ohio, (the Council) is a body corporate and politic established to exercise 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 three-member Board of Trustees, comprised of the Mayors from the cities of Rocky River, Fairview Park, and Westlake. The Council provides the communities with operation and maintenance of the Tri-City Park.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when the liability is incurred.

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

C. Cash and Investments

The Council does not make any investments. The Council's cash was held for operations only.

D. Fund Accounting

The Council uses fund accounting to segregate cash. The Council only has one fund, which is the General Fund. It is used to account for all financial resources.

E. Budgetary Process

The Council is not bound by budgetary laws prescribed by the Ohio Revised Code, but appropriates based on the consistency of expenditures.

F. Property, Plant and Equipment

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

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council's fund balance is expressed in cash equivalents. The Ohio Revised Code prescribes allowable deposits. The carrying amount of the cash equivalents at December 31 were as follows:

	<u>2004</u>	<u>2003</u>
Bank Deposits	<u>\$2,802</u>	<u>\$924</u>

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 was as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$ 0</u>	<u>\$3,000</u>	<u>\$3,000</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$1,122</u>	<u>\$1,122</u>	<u>\$ 0</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	<u>\$ 0</u>	<u>\$3,000</u>	<u>\$3,000</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	<u>\$2,920</u>	<u>\$2,920</u>	<u>\$ 0</u>

4. RISK MANAGEMENT

The Council does not obtain commercial insurance for the Tri-City Park. The City of Rocky River has obtained commercial insurance which includes the Tri-City Park for comprehensive property and general liability.



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*

Board of Trustees
Tri-City Council of Governments
Cuyahoga County
27700 Hilliard Boulevard
Westlake, Ohio 44145

We have audited the financial statements of Tri-City Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated June 17, 2005, wherein we noted that the Council prepared its financial statements using accounting practices the Auditor of State established 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 Council's internal control over financial reporting to determine our auditing procedures in order 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.

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Tri-City Council of Governments
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
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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 17, 2005



**Auditor of State
Betty Montgomery**

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TRI-CITY 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
JULY 14, 2005**