



Mary Taylor, CPA
Auditor of State

TRI-CITY CONSORTIUM ON AGING
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

Tri-City Consortium on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Consortium 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 an 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 adverse 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.

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Mary Taylor, CPA
Auditor of State

August 17, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tri-City Consortium on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Consortium Council:

We have audited the accompanying financial statements of the Tri-City Consortium on Aging, Cuyahoga County, Ohio, (the Consortium) as of and for the year ended December 31, 2007. These financial statements are the responsibility of the Consortium'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 Consortium 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.

While the Consortium 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 Consortium has elected not to follow GAAP statement formatting requirements. 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, 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Consortium as of December 31, 2007, 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 Consortium on Aging, Cuyahoga County, Ohio as of December 31, 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Consortium 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 August 17, 2009, on our consideration of the Consortium'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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 17, 2009

**TRI-CITY CONSORTIUM ON AGING
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Special Revenue</u>	<u>Agency Fund</u>	
Cash Receipts:			
Intergovernmental	\$557,610	\$0	\$557,610
Program Income	45,121	138,909	184,030
Investment Income	3,279	0	3,279
Miscellaneous	34,212	0	34,212
	<hr/>		
Total Cash Receipts	640,222	138,909	779,131
	<hr/>		
Cash Disbursements:			
Salaries and Wages	440,083	0	440,083
Fringe Benefits	90,383	0	90,383
Rent and Janitorial	7,596	0	7,596
Materials and Supplies	4,828	0	4,828
Utilities	5,575	0	5,575
Transportation	18,159	0	18,159
Technical Services	18,655	0	18,655
Liability Insurance	9,478	0	9,478
Other	47,820	144,343	192,163
	<hr/>		
Total Disbursements	642,577	144,343	786,920
	<hr/>		
Total Receipts Over/(Under) Disbursements	(2,355)	(5,434)	(7,789)
	<hr/>		
Fund Cash Balances, January 1, 2007	231,943	20,676	252,619
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Fund Cash Balances, December 31, 2007	\$229,588	\$15,242	\$244,830
	<hr/> <hr/>		

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

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**TRI-CITY CONSORTIUM ON AGING
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Tri-City Consortium on Aging, Cuyahoga County, Ohio, (the Consortium) was established under Ohio Revised Code Chapter 167, as a Council of Governments. The Consortium consists of three member cities: Highland Heights, Lyndhurst and South Euclid.

The mayors of each of these three cities comprise the Consortium Council. Each mayor appoints five representatives as commissioners. The Consortium's function is to help older persons maintain independence and dignity in a home environment, remove barriers to independence for older persons, and provide a continuum for the vulnerable elderly.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Consortium had the following significant Special Revenue Funds:

Title IIIB Fund - This fund accounts for social services which include access services, services which inform the local population of available services and/or assist potential participants in receiving services. The grants covered under these services are the following: client funding, mass outreach, and escort and transportation. The Consortium also receives funding for in-home services which help to maintain the client in his/her home, this includes housekeeping. The Consortium receives funds for other community based services, including, counseling and socialization.

Title IIIC Fund - This fund provides congregate meals for groups of senior adults served at nutrition sites.

Special Accounts Fund - This fund includes money received as donations and funds derived from fund raisers to benefit senior adults.

**TRI-CITY CONSORTIUM ON AGING
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007**

D. Fund Accounting (Continued)

Fiduciary Fund

Funds for which the Consortium is acting in an agency capacity are classified as agency funds. The Consortium had the following significant Agency Fund:

Travel Fund - This fund is used to account for funds held for senior adult trips.

E. Property, Plant and Equipment

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

F. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>
Demand Deposit	\$173,187
Certificates of Deposit	<u>71,643</u>
Total Deposits	<u><u>\$244,830</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution and all state statutory requirements for these deposits had been followed, noncompliance with federal requirements could potentially subject the Consortium to a successful claim by the Federal Depository Insurance Corporation.

3. RETIREMENT SYSTEMS

The Consortium's employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5% of their wages. The Consortium contributed an amount equal to 13.85% of participants' gross salaries for 2007. The Consortium has paid all contributions required through December 31, 2007.

**TRI-CITY CONSORTIUM ON AGING
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

4. RISK MANAGEMENT

The Consortium has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Abuse Act Liability;
- Employment Practices Liability
- Professional Liability;
- Stop Gap Liability; and
- Non-Profit Directors and Officers Coverage

The Consortium also provides health insurance and dental coverage to full-time employees through a private carrier.

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Mary Taylor, CPA

Auditor of State

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

Tri-City Consortium on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Consortium Council:

We have audited the financial statements of the Tri-City Consortium on Aging, Cuyahoga County, Ohio, (the Consortium) as of and for the year ended December 31, 2007, and have issued our report thereon dated August 17, 2009, wherein we noted the Consortium prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 Consortium's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Consortium's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Consortium's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Consortium's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Consortium's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Consortium's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Consortium's management in a separate letter dated August 17, 2009.

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Compliance and Other Matters

As part of reasonably assuring whether the Consortium'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*.

We did note a certain noncompliance or other matter that we reported to the Consortium's management in a separate letter dated August 17, 2009.

We intend this report solely for the information and use of management and the Consortium's Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 17, 2009



Mary Taylor, CPA
Auditor of State

TRI-CITY CONSORTIUM ON AGING

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
SEPTEMBER 24, 2009**