



OHIO AUDITOR OF STATE
KEITH FABER



**CHAGRIN VALLEY DISPATCH COUNCIL
CUYAHOGA COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Chagrin Valley Dispatch Council
Cuyahoga County
88 Center Street
Bedford, Ohio 44146

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Chagrin Valley Dispatch Council, Cuyahoga County, Ohio (the Council) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 such 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Chagrin Valley Dispatch Council, Cuyahoga County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

May 19, 2020

Chagrin Valley Dispatch Council

Cuyahoga County

Statement of Receipts, Disbursements

and Changes in Fund Balance (Regulatory Cash Basis)

General Fund

For the Year Ended December 31, 2018

	<u>General</u>
Cash Receipts	
Charges for Services	\$6,020,515
Reimbursements	128,907
Interest	1,727
Miscellaneous	<u>51,603</u>
<i>Total Cash Receipts</i>	<u>6,202,752</u>
Cash Disbursements	
Current:	
Salary & Benefits	4,404,070
Contractual Services	596,737
Supplies & Materials	541,496
Miscellaneous	<u>63,429</u>
<i>Total Cash Disbursements</i>	<u>5,605,732</u>
<i>Net Change in Fund Cash Balance</i>	597,020
<i>Fund Cash Balance, January 1</i>	<u>381,545</u>
Fund Cash Balance, December 31	
Unassigned (Deficit)	<u>978,565</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$978,565</u></u>

See accompanying notes to the basic financial statements

Chagrin Valley Dispatch Council
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
Agency Fund
For the Year Ended December 31, 2018

	<u>Agency</u>
Operating Cash Receipts	
Reimbursements	<u>\$565,459</u>
<i>Total Operating Cash Receipts</i>	<u>565,459</u>
Operating Cash Disbursements	
Operating Expense	<u>505,319</u>
<i>Total Operating Cash Disbursements</i>	<u>505,319</u>
<i>Net Change in Fund Cash Balance</i>	60,140
<i>Fund Cash Balance, January 1</i>	<u>50,908</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$111,048</u></u>

See accompanying notes to the basic financial statements

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Council

The Chagrin Valley Dispatch Council (the Council), Cuyahoga County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council operates in accordance with a written agreement establishing the Council pursuant to Ohio Revised Code Chapter 167. A 26-member Board of Trustees directs the Council. Each political subdivision within the Council appoints one member. Those subdivisions are Cities of Bedford, Brecksville, Broadview Heights, Brooklyn, Euclid, Independence, Maple Heights, Seven Hills, and Solon, Townships of Chagrin Falls and South Russell, and Villages of Bentleyville, Bratenahl, Brooklyn Heights, Chagrin Falls, Cuyahoga Heights, Gates Mills, Glenwillow, Highland Hills, Hunting Valley, Moreland Hills, Newburgh Heights, North Randall, Orange, Valley View, Woodmere. The Council provides emergency dispatch and related IT services.

Related Organizations

The Council is associated with a related organization, the Heights – Hillcrest Communication Center (HHCC). Note 8 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Council's financial statements consist of a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the general fund and the agency fund.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Council are presented below:

General Fund

The General fund accounts for and reports all financial resources not accounted for and reported in another fund. The General fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Agency Fund

The Clearing Fund is an agency type Fiduciary Fund. It is custodial in nature and accounts for pass through receipts and expenditures.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board of Trustees 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Capital Assets

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Governing Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Governing Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Council Governing Board or an Council official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Deposits

Deposits are insured partially by the Federal Deposit Insurance Corporation and partially collateralized by securities specifically pledged by the financial institution to the Council.

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Cyber crime;
- Vehicles; and
- Errors and omissions.

Note 5 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Council contributed an amount equaling 14% percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2018.

Note 6 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2018.

Note 7 – Debt

Leases

The Council leases two buildings at below market rates. The Council disbursed \$1.50 to pay lease costs for the year ended December 31, 2018.

The 12 year lease of the University Hospitals' Bedford Medical Building executed in 2013 is a 3,548 square foot space provided at the below market annual rate of \$1.00 due to the value of the dispatch services provided by the Council.

See note 9 below for a description of the lease between the Council and the City of Brecksville.

Note 8 – Related Organization

Heights – Hillcrest Communication Center (HHCC) is a Council of Government and Chagrin Valley Dispatch Council is under contract to serve as the project manager, dispatch center manager, provide day to day operations, and IT management services. HHCC pays the Council \$125,000 annually. A five year contract became effective on December 1, 2016. At the end of the five year term, HHCC will join Chagrin Valley Dispatch Council and will dissolve HHCC.

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Related Party Transactions

The City of Brecksville is a member organization who built a new Police Station that houses the COG's second Dispatch Center. The premises is exclusively used for providing emergency dispatch services for Brooklyn, Brecksville, Brooklyn Heights, Independence, Broadview heights, Seven Hills, Valley View, Cuyahoga Heights and Newburgh Heights. A lease agreement with the City of Brecksville for the use of the 2,402 square foot space was executed in 2017. The term of the lease is 60 months, with a cost of \$0.50 per year, or \$2.50 for the term of the lease.

Chagrin Valley Dispatch Council
Cuyahoga County
Statement of Receipts, Disbursements
and Changes in Fund Balance (Regulatory Cash Basis)
General Fund
For the Year Ended December 31, 2017

	<u>General</u>
Cash Receipts	
Charges for Services	\$4,324,031
Reimbursements	85,900
Interest	914
	<u>4,410,845</u>
<i>Total Cash Receipts</i>	<u>4,410,845</u>
Cash Disbursements	
Current:	
Salary & Benefits	3,367,275
Contractual Services	319,002
Operating Expense	87,254
Return of Capital to Members	198,628
Capital Outlay	407,594
	<u>4,379,753</u>
<i>Total Cash Disbursements</i>	<u>4,379,753</u>
<i>Net Change in Fund Cash Balance</i>	31,092
<i>Fund Cash Balance, January 1</i>	<u>350,453</u>
Fund Cash Balance, December 31	
Assigned	122,358
Unassigned (Deficit)	259,187
	<u>381,545</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$381,545</u></u>

See accompanying notes to the basic financial statements

Chagrin Valley Dispatch Council
 Cuyahoga County
 Statement of Receipts, Disbursements
 and Changes in Fund Balance (Regulatory Cash Basis)
 Agency Fund
 For the Year Ended December 31, 2017

	<u>Agency</u>
Operating Cash Receipts	
Reimbursements	<u>\$1,258,646</u>
<i>Total Operating Cash Receipts</i>	<u>1,258,646</u>
Operating Cash Disbursements	
Operating Expense	<u>1,207,738</u>
<i>Total Operating Cash Disbursements</i>	<u>1,207,738</u>
<i>Net Change in Fund Cash Balance</i>	50,908
<i>Fund Cash Balance, January 1</i>	<u>0</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$50,908</u></u>

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Council

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Risk Management

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- Comprehensive property and general liability;
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Chagrin Valley Dispatch Council
Cuyahoga County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Related Party Transactions

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615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

Chagrin Valley Dispatch Council
Cuyahoga County
88 Center Street
Bedford, Ohio 44146

To the Board of Trustees:

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 cash balances, receipts, and disbursements by fund type of the Chagrin Valley Dispatch Council, Cuyahoga County, (the Council) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2020, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

May 19, 2020

OHIO AUDITOR OF STATE KEITH FABER



CHAGRIN VALLEY DISPATCH COUNCIL

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
JUNE 2, 2020**