



**WESTSHORE COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Westshore Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Westshore Council of Governments, Cuyahoga County, Ohio, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Directors and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Dues	\$285,115		\$285,115
Other Government Grants-In-Aid		\$14,010	14,010
Interest Earnings	4,533		4,533
Fines and Forfeitures	3,785		3,785
All other income	21,875		21,875
	<u>315,308</u>	<u>14,010</u>	<u>329,318</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	286,780	14,010	300,790
	<u>286,780</u>	<u>14,010</u>	<u>300,790</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>28,528</u>	<u>0</u>	<u>28,528</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	28,528	0	28,528
Fund Cash Balances January 1	<u>151,563</u>	<u>1</u>	<u>151,564</u>
Fund Cash Balances, December 31	<u>\$180,091</u>	<u>\$1</u>	<u>\$180,092</u>
Reserves for Encumbrances, December 31	<u>\$20,827</u>	<u>\$0</u>	<u>\$20,827</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Dues	\$258,353		\$258,353
Other Government Grants-In-Aid		\$14,010	14,010
Interest Earnings	3,645		3,645
Fines and Forfeitures	1,652		1,652
All Other Revenue	14,606		14,606
Total Cash Receipts	<u>278,256</u>	<u>14,010</u>	<u>292,266</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	<u>265,763</u>	<u>14,010</u>	<u>279,773</u>
Total Disbursements	<u>265,763</u>	<u>14,010</u>	<u>279,773</u>
Total Receipts Over/(Under) Disbursements	<u>12,493</u>	<u>0</u>	<u>12,493</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,493	0	12,493
Fund Cash Balances January 1	<u>139,070</u>	<u>1</u>	<u>139,071</u>
Fund Cash Balances, December 31	<u>\$151,563</u>	<u>\$1</u>	<u>\$151,564</u>
Reserves for Encumbrances, December 31	<u>\$477</u>	<u>\$0</u>	<u>\$477</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The National City Bank Money Market Account is valued at amounts reported by the bank.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following Special Revenue Fund:

Special Revenue Fund - used to account for receipts that are restricted for the enforcement of the Anti-Drug Abuse Act.

E. Budgetary Process

The Council adopted an internal budgetary process whereby the annual budget is based upon revenue projections from annual membership dues. A summary of 1999 and 1998 budgetary activity appears in Note 3.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 176,592	\$ 148,064
Petty Cash	<u>3,500</u>	<u>3,500</u>
Total	<u>\$ 180,092</u>	<u>\$ 151,564</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 285,115	\$ 315,308	\$ 30,193
Special Revenue	<u>14,010</u>	<u>14,010</u>	<u>0</u>
Total	<u>\$ 299,125</u>	<u>\$ 329,318</u>	<u>\$ 30,193</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 446,672	\$ 307,607	\$ 139,065
Special Revenue	<u>14,010</u>	<u>14,010</u>	<u>0</u>
Total	<u>\$ 460,682</u>	<u>\$ 321,617</u>	<u>\$ 139,065</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 258,353	\$ 278,256	\$ 19,903
Special Revenue	14,010	14,010	0
Total	\$ 272,363	\$ 292,266	\$ 19,903

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 397,422	\$ 266,240	\$ 131,182
Special Revenue	14,010	14,010	0
Total	\$ 411,432	\$ 280,250	\$ 131,182

4. OTHER GOVERNMENT GRANTS-IN-AID

The Westshore Council of Governments received federal monies for local drug enforcement from a federal grant called the WEB Narco Control Unit passed through the Board of Cuyahoga County Commissioners. This revenue is reflected in the accompanying financial statements as Other Government Grants-In-Aid.

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Property and Commercial General Liability
- Inland Marine
- Automobile

The Council also provides health insurance to full-time employees through a private carrier. The Council's liability for health care is limited to the premiums paid.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the Westshore Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 27, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated March 27, 2000.

Westshore Council of Governments
Cuyahoga County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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This report is intended for the information and use of management and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000



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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
APRIL 27, 2000**