



**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Eastern Suburban Regional Council of Governments
Cuyahoga County
6154 Mayfield Road
Mayfield Heights, Ohio 44124

Members of the Council:

We have audited the accompanying financial statements of the Eastern Suburban Regional Council of Governments, Cuyahoga County, Ohio, (ESRCOG) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of ESRCOG's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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, ESRCOG 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 of the Eastern Suburban Regional Council of Governments, Cuyahoga County, Ohio, as of December 31, 2001 and December 31, 2000, 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 February 6, 2002 on our consideration of ESRCOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, members of the council, 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

February 6, 2002

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**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General
Cash Receipts:	
Member Contributions	\$42,000
Earnings on Investments	2,169
Miscellaneous	2,431
 Total Cash Receipts	 46,600
Cash Disbursements:	
Current:	
Legal Advisor and Fiscal Agent	6,000
Insurance	6,223
Vehicles	360
Training	2,584
Tactical Unit	26,101
Bomb Squad Unit	1,477
Communications	9,076
Equipment	7,532
Office Supplies	709
Miscellaneous	497
 Total Cash Disbursements	 60,559
 Total Receipts Over/(Under) Disbursements	 (13,959)
 Fund Cash Balances, January 1, 2001	 \$49,830
 Fund Cash Balances, December 31, 2001	 \$35,871

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

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>General</u>
Cash Receipts:	
Member Contributions	\$42,000
Earnings on Investments	3,122
Miscellaneous	<u>1,554</u>
Total Cash Receipts	<u>46,676</u>
Cash Disbursements:	
Current:	
Legal Advisor and Fiscal Agent	6,000
Insurance	5,619
Vehicles	26,160
Training	7,034
Tactical Unit	16,565
Bomb Squad Unit	1,018
Communications	3,166
Office Supplies	186
Miscellaneous	<u>1,898</u>
Total Cash Disbursements	<u>67,646</u>
Total Receipts Over/(Under) Disbursements	(20,970)
Fund Cash Balances, January 1, 2000	<u>\$70,800</u>
Fund Cash Balances, December 31, 2000	<u><u>\$49,830</u></u>

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

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Eastern Suburban Regional Council of Governments, Cuyahoga County, Ohio, (ESRCOG) 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 governing body of ESRCOG is comprised of a Council of six Police Chiefs and Mayors of member cities/villages. The Council operates in accordance with a written agreement establishing ESRCOG pursuant to Ohio Revised Code Chapter 167.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN) which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all participating members.

ESRCOG's management believes these financial statements present all activities for which ESRCOG 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

The investment in Certificates of Deposit is valued at cost.

D. Fund Accounting

ESRCOG classifies its fund as the following governmental fund type:

General Fund

The General Fund is the general operating fund. It is used to account for all ESRCOG's financial activity.

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.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. CASH DEPOSITS

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

	2001	2000
Demand deposit	\$ 5,871	\$ 4,829
Certificates of Deposit	<u>30,000</u>	<u>45,000</u>
Total deposits	<u><u>35,871</u></u>	<u><u>49,829</u></u>

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

3. RISK MANAGEMENT

ESRCOG has obtained commercial insurance for the following risks:

- Commercial Inland Marine
- Automobile

4. CONTRACTUAL COMMITMENT

In December 2001, ESRCOG purchased a S.W.A.T. vehicle in the amount of \$188,000.



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

Eastern Suburban Regional Council of Governments
Cuyahoga County
6154 Mayfield Road
Mayfield Heights, Ohio 44124

Members of Council:

We have audited the financial statements of the Eastern Suburban Regional Council of Governments, Cuyahoga County, Ohio, (ESRCOG) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 6, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 ESRCOG'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 audit 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 ESRCOG'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.

This report is intended for the information and use of management and the members of council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 6, 2002



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EASTERN SUBURBAN REGIONAL 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
MARCH 5, 2002**