# EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS

## CUYAHOGA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of 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, 2003 and December 31, 2002. These financial statements are the responsibility of the ESRCOG’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 Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

As described in Note 1, the 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, 2003 and December 31, 2002, 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 18, 2004 on our consideration of the 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 audit.

This report is intended solely for the information and use of management, the Regional 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.

Betty Montgomery
Auditor of State
February 18, 2004
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# Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Type

## For the Year Ended December 31, 2003

<table>
<thead>
<tr>
<th>General</th>
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<tbody>
<tr>
<td><strong>Cash Receipts:</strong></td>
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<tr>
<td>Member Contributions</td>
</tr>
<tr>
<td>Earnings on Investments</td>
</tr>
<tr>
<td>Miscellaneous</td>
</tr>
<tr>
<td><strong>Total Cash Receipts</strong></td>
</tr>
</tbody>
</table>

| **Cash Disbursements:** |
| Current: |
| Legal Advisor and Fiscal Agent | 7,800 |
| Insurance | 6,643 |
| Vehicles | 259 |
| Training | 300 |
| Tactical Unit | 32,296 |
| Bomb Squad Unit | 11,243 |
| Traffic Unit | 9,938 |
| Crisis Intervention | 3,866 |
| Communications | 11,883 |
| Equipment | 1,715 |
| Office Supplies | 393 |
| Miscellaneous | 513 |
| **Total Cash Disbursements** | 86,849 |

| Total Receipts Over/(Under) Disbursements | (11,161) |
| **Fund Cash Balances, January 1, 2003** | 44,714 |
| **Fund Cash Balances, December 31, 2003** | $33,553 |

*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 - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

General

Cash Receipts:
Member Contributions $258,000
Earnings on Investments 649
Sale of Assets 1,036
Miscellaneous 650

Total Cash Receipts 260,335

Cash Disbursements:
Current:
Legal Advisor and Fiscal Agent 7,800
Insurance 6,822
Vehicles 189,181
Training 770
Tactical Unit 22,008
Bomb Squad Unit 2,075
Crisis Intervention 4,500
Communications 16,790
Office Supplies 233
Miscellaneous 1,313

Total Cash Disbursements 251,492

Total Receipts Over/(Under) Disbursements 8,843

Fund Cash Balances, January 1, 2002 35,871

Fund Cash Balances, December 31, 2002 $44,714

The notes to the financial statements are an integral part of this statement.
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. Annual member receipts are based on need.

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.
2. CASH DEposITS

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

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2002</th>
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<tbody>
<tr>
<td>Demand Deposit</td>
<td>$5,553</td>
<td>$7,714</td>
</tr>
<tr>
<td>Certificate of Deposit</td>
<td>28,000</td>
<td>37,000</td>
</tr>
<tr>
<td><strong>Total Deposits</strong></td>
<td><strong>$33,553</strong></td>
<td><strong>$44,714</strong></td>
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**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
INDEPENDENT ACCOUNTANTS’ 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 the 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, 2003 and December 31, 2002, and have issued our report thereon dated February 18, 2004. 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 Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 audit, we considered the 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 solely for the information and use of management and the Regional Council, and is not intended to be and should not be used by anyone other than these specified parties.

Betty Montgomery
Auditor of State

February 18, 2004
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
APRIL 27, 2004