



**NORTHEAST OHIO PUBLIC ENERGY COUNCIL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

**NORTHEAST OHIO PUBLIC ENERGY COUNCIL
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Northeast Ohio Public Energy Council
Cuyahoga County
1615 Clark Avenue
Cleveland, Ohio 44109

To the Board of Directors:

We have audited the accompanying financial statements of the Northeast Ohio Public Energy Council, Cuyahoga County, Ohio, (NOPEC) as of and for the year ended December 31, 2003. These financial statements are the responsibility of NOPEC'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 discussed in Note 1, NOPEC 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 Northeast Ohio Public Energy Council, Cuyahoga County, Ohio, as of December 31, 2003, 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 September 14, 2004 on our consideration of NOPEC'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.

Northeast Ohio Public Energy Council
Cuyahoga County
Independent Accountants' Report
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This report is intended solely for the information and use of the management, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 14, 2004

**NORTHEAST OHIO PUBLIC ENERGY COUNCIL
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL AND FIDUCIARY FUND TYPE
DECEMBER 31, 2003**

	<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Agency</u>	
Cash Receipts:			
Management Fees	\$1,911,046	\$0	\$1,911,046
Grants	0	400,000	400,000
Miscellaneous	39,646	0	39,646
Interest	4,507	0	4,507
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	1,955,199	400,000	2,355,199
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Communication Services	270,263	15,756	286,019
Legal Fees	241,146	0	241,146
Bookkeeping/Audit Services	17,241	0	17,241
Aggregation Services	61,807	0	61,807
Literature/Media	16,563	0	16,563
Office Supplies/Postage	10,479	0	10,479
Refunds/Miscellaneous	4,543	0	4,543
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	622,042	15,756	637,798
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	1,333,157	384,244	1,717,401
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,333,157	384,244	1,717,401
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2003	544,446	15,776	560,222
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2003	<u>\$1,877,603</u>	<u>\$400,020</u>	<u>\$2,277,623</u>

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

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**NORTHEAST OHIO PUBLIC ENERGY COUNCIL
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northeast Ohio Public Energy Council, Cuyahoga County, Ohio, (NOPEC) is a jointly governed organization consisting of approximately 100 member communities (including municipal corporations, townships and counties, all of which are political subdivisions of the State of Ohio) from eight Northeast Ohio counties. NOPEC is governed by a General Assembly, made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Council, established under Ohio Revised Code Chapter 167, in 2000, provides lobbying services to obtain utility services at bulk rates for the individual utility customers in the communities it represents.

The Northeast Ohio Public Energy Council's management believes these financial statements present all activities for which the Northeast Ohio Public Energy 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.

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

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. 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.

2. Fiduciary Fund (Agency Fund)

Funds for which The Northeast Ohio Public Energy Council is acting in an agency capacity are classified as agency funds. The Northeast Ohio Public Energy Council had the following significant fiduciary fund:

Vendor Clearing Fund: This fund is used to account for assets, held by the Council, as an agent for NOPEC's third party gas supplier. These monies were remitted to NOPEC quarterly from Shell Energy and remitted to Green Mountain semi-annually. The remaining \$15,756 was disbursed in 2003.

**NORTHEAST OHIO PUBLIC ENERGY COUNCIL
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Fiduciary Fund (Agency Fund) (Continued)

City of Cleveland Grant Fund: This fund is used to account for a grant for the City of Cleveland from Green Mountain. The grant is being held by the Council until the City of Cleveland passes a resolution accepting the grant.

E. Budgetary Process

The Council is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Council does pass an annual budget preceding the fiscal year.

2. REVENUE

NOPEC is funded through administrative fees received from energy suppliers with which it contracts to provide aggregated electricity and natural gas services to its members. NOPEC does not receive any public funds.

For 2003, NOPEC's administration fees were based on an annual contractually agreed upon amount. The administrative fees are based on a percentage of the amount of utilities used by the customer.

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Northeast Ohio Public Energy 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:

	2003
Demand deposits	<u>\$1,672,136</u>
STAR Ohio	<u>605,487</u>
Total deposits and investments	<u><u>\$2,277,623</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.



Auditor of State Betty Montgomery

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

Northeast Ohio Public Energy Council
Cuyahoga County
1615 Clark Avenue
Cleveland, Ohio 44109

To the Board of Directors:

We have audited the accompanying financial statements of the Northeast Ohio Public Energy Council, Cuyahoga County, Ohio, (NOPEC) as of and for the year ended December 31, 2003, and have issued our report thereon dated September 14, 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 NOPEC'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 directly and materially 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 NOPEC'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 NOPEC in a separate letter dated September 14, 2004.

Northeast Ohio Public Energy Council
Cuyahoga County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 14, 2004



**Auditor of State
Betty Montgomery**

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**NORTHEAST OHIO PUBLIC ENERGY 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
NOVEMBER 30, 2004**