



**SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005, 2004, 2003 & 2002**



**Mary Taylor, CPA**  
Auditor of State



**SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

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Mary Taylor, CPA  
Auditor of State

Southwest Suburban Airport Council of Governments  
Cuyahoga County  
15700 Bagley Road  
Middleburg Heights, Ohio 44130

To the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

March 21, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Southwest Suburban Airport Council of Governments  
Cuyahoga County  
15700 Bagley Road  
Middleburg Heights, Ohio 44130

To the Council:

We have audited the accompanying financial statements of the Southwest Suburban Airport Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2005, December 31, 2004, December 31, 2003 and December 31, 2002. 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005 and December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Southwest Suburban Airport Council of Governments, Cuyahoga County, Ohio, as of December 31, 2005, December 31, 2004, December 31, 2003, and December 31, 2002, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2005 and December 31, 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2007, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA  
Auditor of State

March 21, 2007



**SOUTHWEST SUBURBAN AIRPORT 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, 2005**

	<u>General</u>
Cash Disbursements:	
Current:	
Safety and Environmental Issues Analysis	\$21,663
Consulting	<u>913</u>
Total Cash Disbursements	<u>22,576</u>
 Total Receipts Over/(Under) Disbursements	 (22,576)
 Fund Cash Balances, January 1 of Current Year	 <u>30,871</u>
 Fund Cash Balances, December 31 of Current Year	 <u><u>\$8,295</u></u>

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

**SOUTHWEST SUBURBAN AIRPORT 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, 2004**

	<u>General</u>
Cash Receipts:	
Member Contributions	<u>\$78,000</u>
Cash Disbursements:	
Current:	
Safety and Environmental Issues Analysis	34,729
Consulting	<u>12,500</u>
Total Cash Disbursements	<u>47,229</u>
Total Receipts Over/(Under) Disbursements	30,771
Fund Cash Balances, January 1 of Current Year	<u>100</u>
Fund Cash Balances, December 31 of Current Year	<u><u>\$30,871</u></u>

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

**SOUTHWEST SUBURBAN AIRPORT 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, 2003**

	<u>General</u>
Cash Disbursements:	
Current:	
Safety and Environmental Issues Analysis	\$40,149
Consulting	27,500
Miscellaneous	1,450
Total Cash Disbursements	<u>69,099</u>
 Total Receipts Over/(Under) Disbursements	 (69,099)
 Fund Cash Balances, January 1 of Current Year	 <u>69,199</u>
 Fund Cash Balances, December 31 of Current Year	 <u><u>\$100</u></u>

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

**SOUTHWEST SUBURBAN AIRPORT 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, 2002**

	General
Cash Receipts:	
Contributions	\$90,382
Cash Disbursements:	
Current:	
Safety and Environmental Issues Analysis	1,183
Consulting	20,000
Total Cash Disbursements	21,183
Total Receipts Over/(Under) Disbursements	69,199
Fund Cash Balances, January 1 of Current Year	0
Fund Cash Balances, December 31 of Current Year	\$69,199

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

**SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005, 2004, 2003 AND 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Southwest Suburban Airport Council of Governments, Cuyahoga County, Ohio, (the Council) 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 Council was formed to protect the environment and quality of life within the southwest suburban area from the impact of expansion at Cleveland Hopkins International Airport. The Council presently includes the cities of Middleburg Heights and Berea. The Council operates in accordance with Ohio Revised Code Chapter 167.

The governing body of the Council is comprised of one member from each of the participating communities. The Board oversees and manages the operation of the Council. The degree of control exercised by each City is limited to its representation on the Board.

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.

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

**C. Fund Accounting**

The Council 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 the Council's financial activity.

**NOTE 2 - CASH DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. At December 31, 2002, the carrying amount of the Council's deposits was \$69,199 and the bank balance was \$71,699. At December 31, 2003, the carrying amount of the Council's deposits and the bank balance was \$100. At December 31, 2004, the carrying amount of the Council's deposits and the bank balance was \$30,871. At December 31, 2005, the carrying amount of the Council's deposits and the bank balance was \$8,295. Deposits are insured by the Federal Depository Insurance Corporation.

**SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005, 2004, 2003 AND 2002  
(Continued)**

**NOTE 3 - CONTRIBUTIONS**

**A. WEST Foundation**

The WEST Foundation was formed to protect the environment from the impact of Cleveland Hopkins International Airport on the southwest suburban area and which had been primarily financially supported by the cities of Berea, Middleburg Heights and Strongsville. The WEST Foundation closed its books and transferred the balance of its funds to the Council. On February 5, 2002, the Council received a deposit of \$90,382 from the WEST Foundation.

**B. Member Cities**

During 2004, the City of Middleburg Heights contributed \$66,000 and the City of Berea contributed to \$12,000 to the Council. Nothing was contributed in fiscal years 2005, 2003 and 2002.

**NOTE 4 - CONTRACTUAL COMMITMENTS**

The Council authorized an agreement with Aviation Management Associates, Inc. to assess the status of Cleveland Hopkins International Airport operations and development as it may affect community safety and environmental concerns. The contract, dated September 1, 2002 until August 31, 2005, is for an annual cost not to exceed \$36,000. Contract amount does not include certain expenses that can be incurred during the course of the assessment. During 2002, 2003, 2004 and 2005, the Council disbursed \$1,183, \$40,149, \$34,729 and \$21,663, respectively, related to the contract.

The Council authorized an agreement with Joseph D. Rice Consulting Company for consulting on various issues affecting the Council. The monthly cost of the contract is \$2,500. The contract expired in May 2005. During 2002, 2003, 2004 and 2005, the Council disbursed \$20,000, \$27,500, \$12,500 and \$913, respectively, related to the contract.



# Mary Taylor, CPA

Auditor of State

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

Southwest Suburban Airport Council of Governments  
Cuyahoga County  
15700 Bagley Road  
Middleburg Heights, Ohio 44130

To the Council:

We have audited the financial statements of the Southwest Suburban Airport Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2005, December 31, 2004, December 31, 2003, and December 31, 2002 and have issued our report thereon dated March 21, 2007, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data described in the accompanying schedule of findings as item 2005-002. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Council's management dated March 21, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **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, providing an opinion 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the Council's management dated March 21, 2007, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

March 21, 2007



**SOUTHWEST SUBURBAN AIRPORT COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2005, DECEMBER 31, 2004, DECEMBER 31, 2003 AND DECEMBER 31, 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2005-001</b>
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**Contracts**

Ohio Revised Code Section 167.03 (A)(5) states that the Council may perform planning directly by personnel of the Council, or under contracts between the Council and other public or private planning agencies. The Council paid Joseph D. Rice Consulting Company \$2,500 a month for fiscal years 2002, 2003, and 2004 through May 2005. The Council was unable to produce a written contract between the Council and Joseph D. Rice Consulting Company.

We recommend all contracts be written and approved by the Council.

**Official's Response:**

Although a written contract was not signed with Joseph D. Rice Consulting Company, the minutes of the April 24, 2002 meeting of the Council of Governments shows that there was unanimous approval of such contract and the amount of the contract as well. The current contract between Joseph D. Rice Consulting Company and the City of Middleburg Heights is in writing.

<b>Finding Number</b>	<b>2005-002</b>
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**Supporting Documentation**

As part of the agreement with Aviation Management Associates, Inc. (Aviation Management), the Council would reimburse Aviation Management for reasonable and customary expenses. However, the Council failed to obtain detail for all expenses incurred by Aviation Management and reimbursed by the Council. This weakness may lead to the payment of unauthorized expenditures.

We recommend the Council obtain detail for all expenses in order to ensure the expenses were valid expenses related to the work performed by Aviation Management for the Council.

**Official's Response:**

We take exception to this finding. No expenses incurred by Aviation Management were paid without first scrutinizing the detail of the submitted expenses. Reimbursement of expenses was only paid when all details complied with all the criteria set forth by the City of Middleburg Heights.





**Mary Taylor, CPA**  
Auditor of State

**SOUTHWEST SUBURBAN AIRPORT 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  
MAY 24, 2007**