



**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009



Dave Yost • Auditor of State

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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Dave Yost • Auditor of State

Tri-City Council of Governments
Cuyahoga County
21012 Hilliard Blvd.
Rocky River, Ohio 44116

To the Executive 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 an 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 adverse 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.

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Dave Yost
Auditor of State

September 27, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tri-City Council of Governments
Cuyahoga County
21012 Hilliard Blvd.
Rocky River, Ohio 44116

To the Executive Council:

We have audited the accompanying financial statements of the Tri City Council of Governments, Cuyahoga County, Ohio (the Council) as of and for the years ended December 31, 2010 and 2009. 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.

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 GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2010 and December 31, 2009, or its changes in financial position 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 Tri-City Council of Governments, Cuyahoga County, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 September 27, 2011 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

September 27, 2011

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>
Cash Receipts:	
Interest	\$6,000
Total Cash Receipts	<u>6,000</u>
Cash Disbursements:	
Current:	
Leisure Time Activities	
Operation and Maintenance	1,041
Utilities	1,172
Capital Outlay	<u>3,037</u>
Total Cash Disbursements	<u>5,250</u>
Total Receipts Over/(Under) Disbursements	<u>750</u>
Fund Cash Balances, January 1	<u>2,200</u>
Fund Cash Balances, December 31	<u><u>\$2,950</u></u>
Encumbrances	<u><u>\$0</u></u>

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

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General
Cash Receipts:	
Intergovernmental	\$0
Total Cash Receipts	0
Cash Disbursements:	
Current:	
Leisure Time Activities	
Operation and Maintenance	2,119
Utilities	2,260
Total Cash Disbursements	4,379
Total Receipts Over/(Under) Disbursements	(4,379)
Fund Cash Balances, January 1	6,579
Fund Cash Balances, December 31	\$2,200
Encumbrances	\$383

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

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 & DECEMBER 31, 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Tri-City Council of Governments (Council) was organized pursuant to Ohio Revised Code Section 167.01 by the Ohio cities of Rocky River, Fairview Park and Westlake (Member Cities). The Council was formed to jointly construct, operate, maintain and manage a park for indoor and outdoor recreational facilities permitted under the rules, regulations and guidelines established under Ohio Revised Code Section 715.02 and 755.16.

The outdoor recreational facility is Tri-City Park consisting of approximately 15.8 acres accessible from Westwood or Delmar Drives in the City of Rocky River. Improvements to the property include tennis courts; baseball diamonds; soccer fields; playground equipment; modern restrooms and paved parking.

The Tri-City Park property, formerly known as Launcher Area of Nike Site CL-69-C GSA Control Number: D-OH-676A, was conveyed to the Member Cities for park purposes in November 1972 after being declared surplus by the Secretary of the Interior of the United States.

The Council is governed by a board comprised of one member from each Member City. The board exercises control over the operation of Tri-City Park including budgeting and administration. Each city's degree of control is limited to its representation on the board.

As prescribed by the *Agreement for the Establishment of a Tri-City Council of Governments*, dated May 31, 1972, the Council appointed as fiscal officer, the Director of Finance of the City of Rocky River.

The Council board and management believe these financial statements present all activities for which the Council is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of the State of Ohio prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of the State of Ohio prescribes or permits.

C. Cash and Investments

The Council's cash was held for operations only. The Council does not make any investments.

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 & DECEMBER 31, 2009
(Continued)**

D. Fund Accounting

The Council has one fund, which is considered the General Fund. It is used to account for all Council financial resources. The fund is separately maintained on the books and records of the City of Rocky River Council to segregate cash.

E. Budgetary Process

Since the Director of Finance of the City of Rocky River serves as the Council fiscal officer, an annual Council budget is appropriated by the City Council of the City of Rocky River in accordance with City of Rocky River, Codified Ordinances, and the Ohio Revised Code.

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.

2. Equity in Pooled Deposits

Since a separate deposit account is not maintained by the fiscal officer for the Council's fund, the Council's equity in the pooled deposits of the City of Rocky River is identified by the separately maintained fund of the Council on the books and records of the City of Rocky River. The carrying amount of the Council's equity in the pooled deposits at December 31 was as follows:

	2010	2009
Bank Deposits	\$2,950	\$2,200

Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,000	\$6,000	\$0

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,383	\$5,250	\$1,133

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,000	\$0	(\$3,000)

**TRI-CITY COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 & DECEMBER 31, 2009
(Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,500	\$4,762	\$738

4. Risk Management

On behalf of the Council, the City of Rocky River includes the Council on the comprehensive property and general liability policy coverage of the City.

5. Compliance

In lieu of biennial Stewardship Reports, of the Federal Lands to Parks Program, the Council makes a compliance report to the National Park Service of the U. S. Department of the Interior every five years.

A compliance report, covering the period January 1, 2006 through December 31, 2010 was filed January 31, 2011. The next compliance report, covering the period January 1, 2011 through December 31, 2015 is due January 31, 2016.

6. Related Party Transactions

Since the continued existence of the Council is dependent upon the participation of each member city, all transactions between the Council and each member city are considered related party transactions. The Council's transactions during 2010 involving the Member Cities, are summarized as follows:

	Intergovernmental Revenue
City of Fairview Park	\$2,000
City of Rocky River	2,000
City of Westlake	2,000
Total	\$6,000

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Dave Yost • Auditor of State

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

Tri-City Council of Governments
Cuyahoga County
21012 Hilliard Blvd.
Rocky River, Ohio 44116

To the Executive Council:

We have audited the financial statements of the Tri City Council of Governments, Cuyahoga County, Ohio (the Council) as of and for the year ended December 31, 2010, and December 31, 2009, and have issued our report thereon dated September 27, 2011. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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Tri-City Council of Governments
Cuyahoga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated September 27, 2011.

We intend this report solely for the information and use of management, the Council and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

September 27, 2011



Dave Yost • Auditor of State

TRI-CITY 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
NOVEMBER 17, 2011**