



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTHWEST REGIONAL
800 MHZ COMMUNICATIONS NETWORK
COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Southwest Regional 800 MHz Communications Network Council of Governments
Cuyahoga County
17401 Holland Road
Brook Park, Ohio 44142

To the Members of the Network Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, and each major fund of the Southwest Regional 800 MHz Communications Network Council of Governments, Cuyahoga County, Ohio (the Network Council), as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Network Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, and each major fund of the Network Council, as of December 31, 2022 and 2021, and the respective changes in cash-basis financial position for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Network Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2C of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2C, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Network Council's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2024, on our consideration of the Network 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network Council's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 6, 2024

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**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2022*

The management's discussion and analysis of the Southwest Regional 800 MHz Communications Network Council of Governments' (the "Network Council") financial performance provides an overall review of the Network Council's financial activities for the year ended December 31, 2022. The intent of this discussion and analysis is to look at the Network Council's financial performance as a whole. Readers should also review the basic financial statements and the notes to those financial statements to enhance their understanding of the Network Council's financial performance.

Financial Highlights

Total assets of the Network Council decreased from \$490,795 to \$479,777, a total decrease of \$11,018. This decrease can mainly be attributed to disbursements exceeding receipts in 2022 as receipts decreased in 2022. The decrease in receipts is mainly related to the timing of receipts received in 2022.

Using This Annual Financial Report

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Network Council's cash basis of accounting. Accordingly, it consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Network Council as a financial whole, or as an entire operating entity. The statements provide a detailed look at the Network Council's specific financial activities.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Network Council, presenting both an aggregate view of the Network Council's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the Network Council's most significant funds with all other non-major funds presented in total in one column. The Network Council does not have any non-major funds.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2022

Basis of Accounting

The Network Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Network Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows and outflows of resources are not recorded in these financial statements.

Reporting the Network Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

The Statement of Net Position presents information on all of the Network Council's assets and liabilities with the difference between them reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Network Council is improving or deteriorating. However, in evaluating the overall position of the Network Council, non-financial factors such as the Network Council's changes in membership and the condition of the infrastructure should also be considered.

Reporting the Network Council's Most Significant Funds

Fund Financial Statements

The presentation of the Network Council's major funds begins on page 13. The Network Council uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and identify certain services and activities provided to the members. However, these fund financial statements focus on the Network Council's most significant funds. All of the funds of the Network Council are governmental funds. The Network Council's major funds are the General Fund and the Radio Tower Replacement Fund.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2022

Governmental Funds

Governmental funds are used to account for all activities which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using another comprehensive basis of accounting method called cash basis which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Network Council's general operations and the basic services it provides. Governmental fund information assists in determining whether there are more or less financial resources available in the near future for important Network Council services. Both the governmental fund balance sheet and the governmental fund statement of receipts, disbursements and changes in fund balances agree to the governmental activities reported in the Statement of Net Position and the Statement of Activities.

The Network Council as a Whole

Government-wide Financial Analysis

As noted earlier, the Statement of Net Position – Cash Basis looks at the Network Council as a whole and can be used as an indicator of the Network Council's financial position. The Statement of Net Position in Table 1 provides a summary of the Network Council's net position for 2022 compared to 2021.

Table 1 - Net Position

	Governmental Activities	
	2022	2021
<u>Assets</u>		
Cash and Cash Equivalents with Fiscal Agent	\$ 479,777	\$ 490,795
Total Assets	<u>479,777</u>	<u>490,795</u>
<u>Net Position</u>		
Unrestricted	479,777	490,795
Total Net Position	<u>\$ 479,777</u>	<u>\$ 490,795</u>

Total assets of the Network Council decreased from \$490,795 to \$479,777, a total decrease of \$11,018. This decrease can mainly be attributed to disbursements exceeding receipts in 2022 as receipts decreased in 2022.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2022

Table 2 shows the changes in Net Position for the years ended December 31, 2022 and December 31, 2021, and corresponds to the Statement of Activities on page 12.

Table 2 - Change in Net Position

	Governmental Activities	
	2022	2021
<u>Receipts</u>		
Program Receipts:		
Charges for Services	\$ 8,576	\$ 10,371
Capital Grants and Contributions	312,129	398,977
General Revenues:		
Other	222	187
Total Receipts	320,927	409,535
<u>Program Disbursements</u>		
Public Safety and Service	25,457	22,756
Capital Outlay	306,488	225,743
Total Program Disbursements	331,945	248,499
Change in Net Position	(11,018)	161,036
Net Position, Beginning of Year	490,795	329,759
Net Position, End of Year	\$ 479,777	\$ 490,795

Total receipts decreased in 2022 compared to 2021 by \$88,608. The decrease is mainly attributed to a decrease in capital grants and contributions. The decrease in capital grants and contributions of \$86,848 is mainly related to the timing of receipts received in 2022.

The disbursements increased in 2022 compared to 2021 by \$83,446. The increase is mainly attributed to an increase in capital outlay. The increase in capital outlay of \$80,745 is mainly related to the timing of maintenance contract payments in 2022 as compared to 2021.

The Network Council's Funds

Information about the Network Council's major funds begins on page 13. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$320,927 and disbursements of \$331,945. The fund balance of the General Fund increased slightly due to no disbursements in 2022.

The decrease in the fund balance of the Radio Tower Replacement Fund is due to a decrease in receipts and increase in disbursements as previously discussed above.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2022

Budgeting Highlights

The Ohio Revised Code does not require the Network Council to prepare an annual budget.

Property, Plant, and Equipment

The Network Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. Accounting records of the Network Council are maintained to track capital outlay disbursements.

Long-Term Obligations

As of December 31, 2022, the Network Council has no debt outstanding.

Current Financial Related Activities

The Network Council charges a user fee of \$4.96 per radio to each member. This user fee is in response to the agreement the Network Council entered into with the City of Cleveland, Ohio. This agreement will expand the capabilities of the Network Council as well as provide increased services and reliability to the members.

Contacting the Network Council

This financial report is designed to provide our residents, taxpayers, creditors, and investors with a general overview of the Network Council's finances and demonstrate the Network Council's accountability for all money it receives, spends, and invests. If you have questions concerning this report or need additional financial information, contact Martin S. Healy, Finance Director, 17401 Holland Road, Brook Park, Ohio 44142, or by email at healymwcc@gmail.com.

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Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Statement of Net Position – Cash Basis
December 31, 2022

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 479,777
Total Assets	479,777
 NET POSITION	
Unrestricted	479,777
Total Net Position	\$ 479,777

See accompanying notes

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Statement of Activities – Cash Basis
For the Year Ended December 31, 2022

<u>Functions</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
Public Safety and Service	\$ 25,457	\$ 8,576	\$ -	\$ (16,881)
Capital Outlay	306,488	-	312,129	5,641
Total Governmental Activities	<u>\$ 331,945</u>	<u>\$ 8,576</u>	<u>\$ 312,129</u>	<u>(11,240)</u>
General Revenues:				
Investment Income				222
Total General Revenues				<u>222</u>
Change in Net Position				(11,018)
Net Position - Beginning of Year				490,795
Net Position - End of Year				<u>\$ 479,777</u>

See accompanying notes

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Balance Sheet – Cash Basis
Governmental Funds
December 31, 2022

	General Fund	Radio Tower Replacement Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 71,310	\$ 408,467	\$ 479,777
Total Assets	\$ 71,310	\$ 408,467	\$ 479,777
FUND BALANCES			
Assigned	\$ -	\$ 408,467	\$ 408,467
Unassigned	71,310	-	71,310
Total Fund Balances	\$ 71,310	\$ 408,467	\$ 479,777

See accompanying notes

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio

Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis
Governmental Funds
For the Year Ended December 31, 2022

	General Fund	Radio Tower Replacement Fund	Total Governmental Funds
RECEIPTS			
Intergovernmental	\$ 8,576	\$ 312,129	\$ 320,705
Interest	-	222	222
Total Receipts	<u>8,576</u>	<u>312,351</u>	<u>320,927</u>
DISBURSEMENTS			
Current:			
Public Safety and Service	-	25,457	25,457
Capital Outlay	-	306,488	306,488
Total Disbursements	<u>-</u>	<u>331,945</u>	<u>331,945</u>
Net Change in Fund Balances	8,576	(19,594)	(11,018)
Fund Balances - Beginning of Year	62,734	428,061	490,795
Fund Balances - End of Year	<u>\$ 71,310</u>	<u>\$ 408,467</u>	<u>\$ 479,777</u>

See accompanying notes

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2022*

NOTE 1: REPORTING ENTITY

The constitution and laws of the State of Ohio, under Ohio Revised Code Section 167.01, establish the rights and privileges of the Southwest Regional 800 MHz Communications Network Council of Governments, Cuyahoga County, Ohio (the “Network Council”) as a body corporate and politic. The Network Council was established in 1995 through an agreement approved by the City of Brook Park, the City of North Royalton, the City of Parma Heights, and the City of Strongsville to provide a common, shared infrastructure capable of supporting the needs of all members relative to operation, coverage, and budgetary considerations. The Network Council will provide member autonomy while permitting for inter-agency and inter-city mutual aid communication on demand. The original agreement was revised and amended in 2005. In subsequent periods, the Cities of Berea, Middleburg Heights, and Olmsted Falls along with the Olmsted Township were admitted as members to the Network Council. In 2011, the Network Council and the City of Cleveland signed an agreement for shared use of frequencies and an 800 MHz P25 Radio Communication System. The term of this agreement shall continue, unless sooner terminated pursuant to the agreement, for twenty (20) years.

The business of the Network Council is managed by the Governing Body as established in the amended Articles of Understanding and Agreement. The Governing Body shall exercise all powers of the Network Council which are not otherwise required to be exercised by the members. The Governing Body shall consist of one (1) representative from each member. For purposes of voting and approval processes, each member shall have one vote. A simple majority of the total membership shall constitute a quorum and action may be taken by the affirmative vote of a simple majority of the total membership. Voting shall be done by members or alternates personally present or by signed proxy.

The Network Council’s management believes these financial statements present all activities for which the Network Council is financially accountable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2 C, these financial statements of the Network Council have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The more significant of the Network Council’s accounting policies are described on the following pages.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Basis of Presentation

The Network Council's basic financial statements consist of government-wide financial statements, including a statement of net position – cash basis and a statement of activities – cash basis, and cash basis fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position – cash basis and the statement of activities – cash basis display information about the Network Council as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Network Council has no fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the Network Council at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the Network Council's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Network Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Network Council.

Fund Financial Statements During the year, the Network Council segregates transactions related to certain Network Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Network Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Network Council does not have any non-major funds.

B. Fund Accounting

The Network Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Network Council only presents governmental funds.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Governmental Funds Governmental funds are those through which governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows compared to liabilities and deferred inflows of resources is reported as fund balance. The following are descriptions of the Network Council's two funds, which are considered major governmental funds:

General Fund The General Fund is the operating fund of the Network Council and is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The General Fund balance is available to the Network Council for any purpose provided it is expended or transferred according to the Articles of Understanding and Agreement of the Network Council and/or the general laws of Ohio.

Radio Tower Replacement Fund The Radio Tower Replacement Fund is the capital fund of the Network Council and is used to account for all financial resources utilized for the maintenance and expansion of the Network Council's infrastructure.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The Network Council does not have any enterprise or internal service funds.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investments trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Network Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Network Council's own programs. The Network Council has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Network Council has no custodial funds.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting

The Network Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Network Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows and outflows of resources are not recorded in these financial statements.

D. Cash, Cash Equivalents, and Investments

At year-end, the carrying amount of the Council's deposits was \$479,777.

Deposits are insured by the Federal Depository Insurance Corporation.

E. Inventory and Prepaid Items

The Network Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Property, Plant, and Equipment

The Network Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not reflect these items as assets.

A detailed equipment list of all shared infrastructure items is accounted for and can be provided to members upon request.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio

Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Network Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the Network Council's Governing Body. Those committed amounts cannot be used for any other purpose unless the Network Council's Governing Body removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Network Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the Network Council's Governing Body.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Network Council applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of December 31, 2022, all of the Network Council's net position was classified as unrestricted.

The Network Council applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

I. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Network Council Administration and that are either unusual in nature or infrequent in occurrence. The Network Council had no extraordinary or special items during 2022.

K. Budgetary Data

The Ohio Revised Code does not require the Network Council to prepare an annual budget. Therefore, a budgetary statement is not provided for the General Fund within the basic financial statements.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2022*

NOTE 3: RISK MANAGEMENT

The Network Council has obtained commercial insurance for the following risks:

- Commercial Crime;
- Employee theft and forgery; and
- Government Crime.

Settled claims have not exceeded coverage in any of the past three years. Also, there have been no significant reductions in the limits of liability.

NOTE 4: RELATED PARTY TRANSACTIONS

The Network Council’s operations are funded through fees charged to member subdivisions to cover the annual operating disbursements. The fees are distributed based upon the percentage of the total number of radios that each respective member has on the Network. As of December 31, 2022, each member’s percentage investment in the Network Council is as follows:

Member	Radios	%
Berea	128	7.15%
Brook Park	344	19.22%
Middleburg Heights	216	12.07%
North Royalton	166	9.27%
Olmsted Falls	114	6.37%
Olmsted Falls Twp.	119	6.65%
Parma Heights	237	13.24%
Strongsville	466	26.03%
	1,790	100.00%

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**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021*

The management's discussion and analysis of the Southwest Regional 800 MHz Communications Network Council of Governments' (the "Network Council") financial performance provides an overall review of the Network Council's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the Network Council's financial performance as a whole. Readers should also review the basic financial statements and the notes to those financial statements to enhance their understanding of the Network Council's financial performance.

Financial Highlights

Total assets of the Network Council increased from \$329,759 to \$490,795, a total increase of \$161,036. This increase can mainly be attributed to receipts exceeding disbursements in 2021 as receipts increased in 2021. The increase in receipts is mainly related to the timing of receipts received in 2021.

Using This Annual Financial Report

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Network Council's cash basis of accounting. Accordingly, it consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Network Council as a financial whole, or as an entire operating entity. The statements provide a detailed look at the Network Council's specific financial activities.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Network Council, presenting both an aggregate view of the Network Council's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short term as well as what dollars remain for future spending. The fund financial statements also look at the Network Council's most significant funds with all other non-major funds presented in total in one column. The Network Council does not have any non-major funds.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

Basis of Accounting

The Network Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Network Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows and outflows of resources are not recorded in these financial statements.

Reporting the Network Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

The Statement of Net Position presents information on all of the Network Council's assets and liabilities with the difference between them reported as net position. Over time, an increase or decrease in net position may serve as a useful indicator of whether the financial position of the Network Council is improving or deteriorating. However, in evaluating the overall position of the Network Council, non-financial factors such as the Network Council's changes in membership and the condition of the infrastructure should also be considered.

Reporting the Network Council's Most Significant Funds

Fund Financial Statements

The presentation of the Network Council's major funds begins on page 31. The Network Council uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and identify certain services and activities provided to the members. However, these fund financial statements focus on the Network Council's most significant funds. All of the funds of the Network Council are governmental funds. The Network Council's major funds are the General Fund and the Radio Tower Replacement Fund.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

Governmental Funds

Governmental funds are used to account for all activities which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using another comprehensive basis of accounting method called cash basis which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Network Council's general operations and the basic services it provides. Governmental fund information assists in determining whether there are more or less financial resources available in the near future for important Network Council services. Both the governmental fund balance sheet and the governmental fund statement of receipts, disbursements and changes in fund balances agree to the governmental activities reported in the Statement of Net Position and the Statement of Activities.

The Network Council as a Whole

Government-wide Financial Analysis

As noted earlier, the Statement of Net Position – Cash Basis looks at the Network Council as a whole and can be used as an indicator of the Network Council's financial position. The Statement of Net Position in Table 1 provides a summary of the Network Council's net position for 2021 compared to 2020.

Table 1 - Net Position

	Governmental Activities	
	2021	2020
<u>Assets</u>		
Cash and Cash Equivalents with Fiscal Agent	\$ 490,795	\$ 329,759
Total Assets	490,795	329,759
<u>Net Position</u>		
Unrestricted	490,795	329,759
Total Net Position	\$ 490,795	\$ 329,759

Total assets of the Network Council increased from \$329,759 to \$490,795, a total increase of \$161,036. This increase can mainly be attributed to receipts exceeding disbursements in 2021 as receipts increased in 2021. The increase in receipts is mainly related to the timing of receipts received in 2021.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

Table 2 shows the changes in Net Position for the years ended December 31, 2021 and December 31, 2020, and corresponds to the Statement of Activities on page 30.

Table 2 - Change in Net Position

	Governmental Activities	
	2021	2020
<u>Receipts</u>		
Program Receipts:		
Charges for Services	\$ 10,371	\$ 4,489
Capital Grants and Contributions	398,977	193,432
General Revenues:		
Other	187	192
Total Receipts	409,535	198,113
<u>Program Disbursements</u>		
Public Safety and Service	22,756	20,953
Capital Outlay	225,743	203,169
Total Program Disbursements	248,499	224,122
Change in Net Position	161,036	(26,009)
Net Position, Beginning of Year	329,759	355,768
Net Position, End of Year	\$ 490,795	\$ 329,759

Total receipts increased in 2021 compared to 2020 by \$211,422. The increase is mainly attributed to an increase in capital grants and contributions. The increase in capital grants and contributions of \$205,545 is mainly related to the timing of receipts received in 2021.

The disbursements increased in 2021 compared to 2020 by \$24,377. The increase is mainly attributed to an increase in capital outlay. The increase in capital outlay of \$22,574 is mainly related to the timing of maintenance contract payments in 2021 as compared to 2020.

The Network Council's Funds

Information about the Network Council's major funds begins on page 31. These funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$409,535 and disbursements of \$248,499. The fund balance of the General Fund increased due to receipts exceeding disbursements in 2021.

The increase in the fund balance of the Radio Tower Replacement Fund is due to an increase in receipts over disbursements.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Management's Discussion and Analysis (Unaudited)
For the Year Ended December 31, 2021

Budgeting Highlights

The Ohio Revised Code does not require the Network Council to prepare an annual budget.

Property, Plant, and Equipment

The Network Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. Accounting records of the Network Council are maintained to track capital outlay disbursements.

Long-Term Obligations

As of December 31, 2021, the Network Council has no debt outstanding.

Current Financial Related Activities

The Network Council charges a user fee of \$4.96 per radio to each member. This user fee is in response to the agreement the Network Council entered into with the City of Cleveland, Ohio. This agreement will expand the capabilities of the Network Council as well as provide increased services and reliability to the members.

Contacting the Network Council

This financial report is designed to provide our residents, taxpayers, creditors, and investors with a general overview of the Network Council's finances and demonstrate the Network Council's accountability for all money it receives, spends, and invests. If you have questions concerning this report or need additional financial information, contact Martin S. Healy, Finance Director, 17401 Holland Road, Brook Park, Ohio 44142, or by email at healyswcc@gmail.com.

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Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Statement of Net Position – Cash Basis
December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 490,795
Total Assets	<u>490,795</u>
NET POSITION	
Unrestricted	490,795
Total Net Position	<u>\$ 490,795</u>

See accompanying notes

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Statement of Activities – Cash Basis
For the Year Ended December 31, 2021

<u>Functions</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>	
Primary Government:				
Governmental Activities:				
Public Safety and Service	\$ 22,756	\$ 10,371	\$ -	\$ (12,385)
Capital Outlay	225,743	-	398,977	173,234
Total Governmental Activities	<u>\$ 248,499</u>	<u>\$ 10,371</u>	<u>\$ 398,977</u>	<u>160,849</u>
General Revenues:				
Investment Income				<u>187</u>
Total General Revenues				<u>187</u>
Change in Net Position				161,036
Net Position - Beginning of Year				<u>329,759</u>
Net Position - End of Year				<u><u>\$ 490,795</u></u>

See accompanying notes

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio
Balance Sheet – Cash Basis
Governmental Funds
December 31, 2021

	General Fund	Radio Tower Replacement Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 62,734	\$ 428,061	\$ 490,795
Total Assets	<u>\$ 62,734</u>	<u>\$ 428,061</u>	<u>\$ 490,795</u>
 FUND BALANCES			
Assigned	\$ -	\$ 428,061	\$ 428,061
Unassigned	62,734	-	62,734
Total Fund Balances	<u>\$ 62,734</u>	<u>\$ 428,061</u>	<u>\$ 490,795</u>

See accompanying notes

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis
Governmental Funds
For the Year Ended December 31, 2021*

	General Fund	Radio Tower Replacement Fund	Total Governmental Funds
RECEIPTS			
Intergovernmental	\$ 10,371	\$ 398,977	\$ 409,348
Interest	-	187	187
Total Receipts	<u>10,371</u>	<u>399,164</u>	<u>409,535</u>
DISBURSEMENTS			
Current:			
Public Safety and Service	-	22,756	22,756
Capital Outlay	-	225,743	225,743
Total Disbursements	<u>-</u>	<u>248,499</u>	<u>248,499</u>
Net Change in Fund Balances	10,371	150,665	161,036
Fund Balances - Beginning of Year	52,363	277,396	329,759
Fund Balances - End of Year	<u>\$ 62,734</u>	<u>\$ 428,061</u>	<u>\$ 490,795</u>

See accompanying notes

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2021*

NOTE 1: REPORTING ENTITY

The constitution and laws of the State of Ohio, under Ohio Revised Code Section 167.01, establish the rights and privileges of the Southwest Regional 800 MHz Communications Network Council of Governments, Cuyahoga County, Ohio (the “Network Council”) as a body corporate and politic. The Network Council was established in 1995 through an agreement approved by the City of Brook Park, the City of North Royalton, the City of Parma Heights, and the City of Strongsville to provide a common, shared infrastructure capable of supporting the needs of all members relative to operation, coverage, and budgetary considerations. The Network Council will provide member autonomy while permitting for inter-agency and inter-city mutual aid communication on demand. The original agreement was revised and amended in 2005. In subsequent periods, the Cities of Berea, Middleburg Heights, and Olmsted Falls along with the Olmsted Township were admitted as members to the Network Council. In 2011, the Network Council and the City of Cleveland signed an agreement for shared use of frequencies and an 800 MHz P25 Radio Communication System. The term of this agreement shall continue, unless sooner terminated pursuant to the agreement, for twenty (20) years.

The business of the Network Council is managed by the Governing Body as established in the amended Articles of Understanding and Agreement. The Governing Body shall exercise all powers of the Network Council which are not otherwise required to be exercised by the members. The Governing Body shall consist of one (1) representative from each member. For purposes of voting and approval processes, each member shall have one vote. A simple majority of the total membership shall constitute a quorum and action may be taken by the affirmative vote of a simple majority of the total membership. Voting shall be done by members or alternates personally present or by signed proxy.

The Network Council’s management believes these financial statements present all activities for which the Network Council is financially accountable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2 C, these financial statements of the Network Council have been prepared on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The more significant of the Network Council’s accounting policies are described on the following pages.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Basis of Presentation

The Network Council's basic financial statements consist of government-wide financial statements, including a statement of net position – cash basis and a statement of activities – cash basis, and cash basis fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position – cash basis and the statement of activities – cash basis display information about the Network Council as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The Network Council does not have any fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the Network Council at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the Network Council's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods and services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Network Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing or draws from the general receipts of the Network Council.

Fund Financial Statements During the year, the Network Council segregates transactions related to certain Network Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Network Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Network Council does not have any non-major funds.

B. Fund Accounting

The Network Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Network Council only presents governmental funds.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Governmental Funds Governmental funds are those through which governmental functions are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows compared to liabilities and deferred inflows of resources is reported as fund balance. The following are descriptions of the Network Council's two funds, which are considered major governmental funds:

General Fund The General Fund is the operating fund of the Network Council and is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The General Fund balance is available to the Network Council for any purpose provided it is expended or transferred according to the Articles of Understanding and Agreement of the Network Council and/or the general laws of Ohio.

Radio Tower Replacement Fund The Radio Tower Replacement Fund is the capital fund of the Network Council and is used to account for all financial resources utilized for the maintenance and expansion of the Network Council's infrastructure.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The Network Council does not have any enterprise or internal service funds.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investments trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Network Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Network Council's own programs. The Network Council has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Network Council has no custodial funds.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

C. Basis of Accounting

The Network Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Network Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows and outflows of resources are not recorded in these financial statements.

D. Cash, Cash Equivalents, and Investments

At year-end, the carrying amount of the Council's deposits was \$490,795.

Deposits are insured by the Federal Depository Insurance Corporation.

E. Inventory and Prepaid Items

The Network Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Property, Plant, and Equipment

The Network Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not reflect these items as assets.

A detailed equipment list of all shared infrastructure items is accounted for and can be provided to members upon request.

Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio

Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Network Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in form, or legally or contractually required to be maintained intact.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the Network Council's Governing Body. Those committed amounts cannot be used for any other purpose unless the Network Council's Governing Body removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Network Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the Network Council's Governing Body.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Network Council applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021*

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. As of December 31, 2021, all of the Network Council's net position was classified as unrestricted.

The Network Council applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

I. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

J. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Network Council Administration and that are either unusual in nature or infrequent in occurrence. The Network Council had no extraordinary or special items during 2021.

K. Budgetary Data

The Ohio Revised Code does not require the Network Council to prepare an annual budget. Therefore, a budgetary statement is not provided for the General Fund within the basic financial statements.

**Southwest Regional 800 MHz Communications Network
Council of Governments
Cuyahoga County, Ohio**

*Notes to the Basic Financial Statements (continued)
For the Year Ended December 31, 2021*

NOTE 3: RISK MANAGEMENT

The Network Council has obtained commercial insurance for the following risks:

- Commercial Crime;
- Employee theft and forgery; and
- Government Crime.

Settled claims have not exceeded coverage in any of the past three years. Also, there have been no significant reductions in the limits of liability.

NOTE 4: RELATED PARTY TRANSACTIONS

The Network Council’s operations are funded through fees charged to member subdivisions to cover the annual operating disbursements. The fees are distributed based upon the percentage of the total number of radios that each respective member has on the Network. As of December 31, 2021, each member’s percentage investment in the Network Council is as follows:

Member	Radios	%
Berea	130	7.26%
Brook Park	342	19.10%
Middleburg Heights	219	12.23%
North Royalton	166	9.27%
Olmsted Falls	114	6.37%
Olmsted Falls Twp.	117	6.53%
Parma Heights	237	13.23%
Strongsville	466	26.01%
	1,791	100.00%

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Southwest Regional 800 MHz Communications Network Council of Governments
Cuyahoga County
17401 Holland Road
Brook Park, Ohio 44142

To the Members of the Network Council:

We have audited, 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 (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, and each major fund of the Southwest Regional 800 MHz Communications Network Council of Governments, Cuyahoga County, (the Network Council) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Network Council's basic financial statements and have issued our report thereon dated May 6, 2024, wherein we noted the Network Council uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Network Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Network Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Network Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 6, 2024

OHIO AUDITOR OF STATE KEITH FABER



SOUTHWEST REGIONAL 800 MHZ COMMUNICATIONS NETWORK COUNCIL OF GOVERNMENTS

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 6/11/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov