



**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

South Euclid-Lyndhurst Recreation Commission
Cuyahoga County
4843 Mayfield Road
Lyndhurst, OH 44124

To the Regional Council:

We have audited the accompanying financial statements of the South Euclid-Lyndhurst Recreation Commission, Cuyahoga County, Ohio, (SELREC) as of and for the years ended June 30, 2001 and June 30, 2000. These financial statements are the responsibility of the SELREC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the SELREC prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the South Euclid-Lyndhurst Recreation Commission, Cuyahoga County, as of June 30, 2001 and June 30, 2000, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2001 on our consideration of the SELREC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Regional Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

September 7, 2001

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**SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
 CUYAHOGA COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Enterprise</u>
Operating Cash Receipts:	
Recreation Fees	<u>\$743,717</u>
Total Operating Cash Receipts	<u>743,717</u>
Operating Cash Disbursements:	
Personal Services - Salaries	186,400
Employees' Retirement and Insurance	45,477
Purchased Services	492,338
Supplies and Materials	13,357
Other	40,503
Capital Outlay	<u>932</u>
Total Operating Cash Disbursements	<u>779,007</u>
Operating Income/(Loss)	<u>(35,290)</u>
Non-Operating Cash Receipts:	
Earnings on Investments	13,535
Miscellaneous	<u>126,174</u>
Total Non-Operating Cash Receipts	<u>139,709</u>
Excess of Receipts Over/(Under) Disbursements	104,419
Fund Cash Balances, July 1, 2000	<u>349,663</u>
Fund Cash Balances, June 30, 2001	<u><u>\$454,082</u></u>

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

SOUTH EUCLID-LYNDHURST RECREATION COMMISSION
CUYAHOGA COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise
Operating Cash Receipts:	
Recreation Fees	\$678,587
Total Operating Cash Receipts	678,587
Operating Cash Disbursements:	
Personal Services - Salaries	207,798
Employees' Retirement and Insurance	50,845
Purchased Services	422,179
Supplies and Materials	16,896
Other	20,136
Capital Outlay	911
Total Operating Cash Disbursements	718,765
Operating Income/(Loss)	(40,178)
Non-Operating Cash Receipts:	
Miscellaneous	110,414
Excess of Receipts Over/(Under) Disbursements	70,236
Fund Cash Balances, July 1, 1999	279,427
Fund Cash Balances, June 30, 2000	\$349,663

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

**SOUTH EUCLID-LYNDBURST RECREATION COMMISSION
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The South Euclid-Lyndhurst Recreation Commission (SELREC) is a Regional Council of Governments established by the Cities of South Euclid and Lyndhurst, and the South Euclid-Lyndhurst City School District under authority of Chapter 167 of the Ohio Revised Code. This Regional Council of Governments was created for the purpose of cooperatively establishing, promoting and coordinating community education and recreation. The participants retain an ongoing financial interest and responsibility.

The Regional Council is comprised of the Mayor of the City of South Euclid, the Mayor of the City of Lyndhurst and the Superintendent of the South Euclid-Lyndhurst City School District. The Regional Council members each appoint three members to an advisory committee which are the South Euclid-Lyndhurst Recreation Commission Commissioners.

SELREC's management believes these financial statements present all activities for which SELREC is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash and Investments

The South Euclid-Lyndhurst City School District Treasurer is the fiscal agent of SELREC. All collections are remitted to either the Treasurer or local depository for deposit. All disbursements are made either by check or through internal School District transfers prepared by the Treasurer, and drawn on deposits held in the name of the South Euclid-Lyndhurst City School District. The School District Treasurer pools all funds for investment purposes. The carrying amount of pooled cash and investments held by the fiscal agent for SELREC as of June 30, 2001 and 2000 totaled \$454,082 and \$349,663, respectively.

D. Fund Accounting

The SELREC uses fund accounting to segregate cash and investments that are restricted as to use. The SELREC classifies its fund into the following type:

Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

**SOUTH EUCLID-LYNDBURST RECREATION COMMISSION
CUYAHOGA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the SELREC.

2. RETIREMENT SYSTEM

SELREC's employees are covered by the School Employees Retirement Systems (SERS). SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of SERS contributed 9% of their wages to the SERS. SELREC contributed an amount equal to 14% of participants' wages. SELREC has paid all contributions required through June 30, 2001.

3. POST EMPLOYMENT BENEFITS

The School Employees Retirement System (SERS) provides comprehensive health care benefits to eligible retirees and their dependents. Eligibility requirements, benefit provisions, and obligations to contribute are established by the system based on authority granted by State Statute.

The portion of SERS employer contribution allocated to health care benefits as of June 30, 2001 and 2000 were 9.8% and 8.5% of covered payroll. The Council's total contribution for health care benefits in fiscal years 2001 and 2000 were \$18,267 and \$17,663 respectively.

4. RELATED PARTY TRANSACTIONS

During the fiscal years ended June 30, 2001 and 2000, SELREC rented office space from the South Euclid-Lyndhurst City School District. The School District also provided certain administrative services, as well as custodial and maintenance services.

For fiscal years 2001 and 2000, SELREC received \$103,955 annually from the Cities of South Euclid and Lyndhurst and the South Euclid-Lyndhurst City School District. These contributions are reflected as miscellaneous non-operating cash receipts in the accompanying financial statements.

5. RISK MANAGEMENT

SELREC has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions



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

South Euclid-Lyndhurst Recreation Commission
Cuyahoga County
4843 Mayfield Road
Lyndhurst, OH 44124

To the Regional Council:

We have audited the financial statements of the South Euclid-Lyndhurst Recreation Commission, Cuyahoga County, (SELREC), as of and for the years ended June 30, 2001 and June 30, 2000, and have issued our report thereon dated September 7, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the SELREC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the SELREC in a separate letter dated September 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered SELREC's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the SELREC in a separate letter dated September 7, 2001.

South Euclid-Lyndhurst Recreation Commission
Cuyahoga County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of management and the Regional Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

September 7, 2001



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SOUTH EUCLID-LYNDHURST RECREATION COMMISSION

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
OCTOBER 2, 2001**