



**Auditor of State
Betty Montgomery**

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Southeast Area Law Enforcement Network
Cuyahoga County
65 Columbus Road
Bedford, Ohio 44146

We have audited the accompanying financial statements of the Southeast Area Law Enforcement Network, Cuyahoga County, Ohio, (the Network) as of and for the years ended December 31, 2002, December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Network's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the Network 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 Southeast Area Law Enforcement Network, Cuyahoga County, Ohio as of December 31, 2002, December 31, 2001 and December 31, 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 April 27, 2004 on our consideration of the Network's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 27, 2004

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**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund
Cash Receipts:	
Membership Dues	\$ 12,000
Earnings on Investments	128
Charges for Services	5,190
Total Cash Receipts	17,318
Cash Disbursements:	
Salaries	13,790
Purchased Services	5,809
Supplies and Materials	1,254
Equipment	140
Training Conferences/Memberships	1,550
Miscellaneous	378
Total Cash Disbursements	22,921
Total Receipts Over/(Under) Disbursements	(5,603)
Fund Cash Balance, January 1, 2002	15,901
Fund Cash Balance, December 31, 2002	\$ 10,298

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

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund
Cash Receipts:	
Membership Dues	\$ 18,000
Earnings on Investments	615
Charges for Services	5,522
Total Cash Receipts	24,137
Cash Disbursements:	
Salaries	17,600
Purchased Services	7,383
Supplies and Materials	849
Equipment	1,705
Training Conferences/Memberships	330
Miscellaneous	1,308
Total Cash Disbursements	29,175
Total Receipts Over/(Under) Disbursements	(5,038)
Fund Cash Balance, January 1, 2001	20,939
Fund Cash Balance, December 31, 2001	\$ 15,901

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

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - THE GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General Fund
Cash Receipts:	
Membership Dues	\$ 18,000
Earnings on Investments	895
Charges for Services	2,645
Total Cash Receipts	21,540
Cash Disbursements:	
Salaries	13,042
Purchased Services	8,673
Supplies and Materials	1,783
Equipment	5,618
Training Conferences/Memberships	1,615
Miscellaneous	1,484
Total Cash Disbursements	32,215
Total Receipts Over/(Under) Disbursements	(10,675)
Fund Cash Balance, January 1, 2000	31,614
Fund Cash Balance, December 31, 2000	\$ 20,939

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

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**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Southeast Area Law Enforcement Network, Cuyahoga County, Ohio, (the Network) is a Regional Network of Governments established under the authority of Ohio Revised Code Chapters 1702 and 167. The Network is comprised of six local municipalities. The Network is directed by a three-member Board of Trustees which are elected by the members. The Network was formed for the mutual interchange and sharing of police personnel and police equipment, as well as providing an effective means to disseminate information regarding the risk of terrorist attacks. Each member pays \$3,000 in annual membership dues.

The Network's management believes these financial statements present all activities for which the Network 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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund and is used to account for all financial resources except those required by law or contract to be restricted.

E. 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.

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002, 2001 AND 2000
(CONTINUED)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Network maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
Demand Deposits	\$ 3,090	\$ 2,769	\$ 4,867
Certificates of Deposit	0	0	16,072
Money Market	<u>7,208</u>	<u>13,132</u>	<u>0</u>
Total Demand Deposits	<u>\$10,298</u>	<u>\$15,901</u>	<u>\$20,939</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BEGINNING BALANCE

The Network had a cash fund balance of \$31,614 as of December 31, 1999.



**Auditor of State
Betty Montgomery**

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

Board of Trustees
Southeast Area Law Enforcement Network
Cuyahoga County
65 Columbus Road
Bedford, Ohio 44146

We have audited the accompanying financial statements of the Southeast Area Law Enforcement Network, Cuyahoga County, Ohio (the Network) as of and for the years ended December 31, 2002, December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 27, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Network'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have report to management of the Network in a separate letter dated April 27, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Network'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Network's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-001 through 2002-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We considered the reportable conditions described above, items 2002-001 through 2002-003 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Network in a separate letter dated April 27, 2004.

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 27, 2004

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Expenditure Support and Approval

Due to the overall poor condition of the records, especially in 2000 and 2001, a 100% test of expenditures was performed.

For 2000, we tested 99 expenditures and noted 29 instances in which an invoice could not be located and 12 instances when partial invoices were provided, but did not equal the amount paid.

For 2001, we tested 60 expenditures and noted 13 instances in which an invoice could not be located and 6 instances when partial invoices were provided, but did not equal the amount paid.

For 2002, we tested 65 expenditures and noted 2 instances in which an invoice could not be located and 2 instances when partial invoices were provided, but did not equal the amount paid.

For the above expenditures, we reviewed the cancelled checks and the nature of the expenditure and ascertained the expenditures were consistent with the scope of the Network's operation. These weaknesses may result in monies being misspent.

We recommend that invoices be attached to all vouchers and the invoices should be approved by the respective chief. Furthermore, a list of expenditures should be prepared and submitted to the Board on a monthly basis for their approval.

FINDING NUMBER 2002-002

Segregation of Duties and Financial Reporting

The Network's procedures required that the Treasurer deposit their funds in the designated bank accounts, post transactions to the general ledger, perform the monthly bank reconciliations and prepare/submit monthly financial reports to the Board. These procedures do not result in an adequate segregation of duties. As a result, inherent risk is increased and errors and/or irregularities may occur without being detected.

We recommend the Network adopt a policy requiring someone independent of the above procedures to review and approve the monthly bank reconciliations and to agree the monthly financial reports to the underlying source documents.

**SOUTHEAST AREA LAW ENFORCEMENT NETWORK
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002, 2001 AND 2000
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2002-003

Accounting for Equipment

The Network uses funds to procure equipment and is also the recipient of federal and state donated equipment. The equipment is stored at various municipalities of the Network.

A review of the Network's procedures disclosed that an index of equipment owned is not maintained. This may result in assets not being properly safeguarded and accounted for.

We recommend that the Network maintain an index of all equipment purchased and donated from the respective agency. The index should identify the item, date received, cost, whether it is donated from a federal or state agency and the municipality where it is stored.



**Auditor of State
Betty Montgomery**

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SOUTHEAST AREA LAW ENFORCEMENT NETWORK

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
JUNE 15, 2004**