



Dave Yost • Auditor of State

VALLEY ENFORCEMENT REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

Valley Enforcement Regional Council of Governments
Cuyahoga County
6523 Chagrin River Road
Bentleyville, Ohio 44022

To the Board of Trustees:

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

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Dave Yost
Auditor of State

December 1, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Valley Enforcement Regional Council of Governments
Cuyahoga County
6523 Chagrin River Road
Bentleyville, Ohio 44022

To the Board of Trustees:

We have audited the accompanying financial statements of the Valley Enforcement Regional Council of Governments, Cuyahoga, County, Ohio, (the Council) as of and for the years ended December 31, 2010 and December 31, 2009. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and December 31, 2009 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2010 and December 31, 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Valley Enforcement Regional Council of Governments, Cuyahoga County, Ohio, as of December 31, 2010 and December 31, 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2011, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Dave Yost
Auditor of State

December 1, 2011

**VALLEY ENFORCEMENT REGION COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES - THE GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash Receipts:		
Membership Dues	\$98,000	\$98,000
Vehicle Contributions	0	250
Earnings on Investments	0	209
Reimbursements	588	1,589
Miscellaneous	0	134
	<u>98,588</u>	<u>100,182</u>
Cash Disbursements:		
Investigators	7,559	0
Accident Investigations	6,867	1,909
Firearms	2,030	2,916
Tactical/SWAT	30,835	28,527
Insurance	15,898	17,688
Hostage Negotiations	0	140
Training	2,453	3,930
Law Director	0	5,279
Miscellaneous	2,974	8,140
Armored Vehicle	0	201,500
	<u>68,616</u>	<u>270,029</u>
Total Receipts Over/(Under) Disbursements	<u>29,972</u>	<u>(169,847)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	29,972	(169,847)
Cash Balances, January 1	<u>71,680</u>	<u>241,527</u>
Cash Balances, December 31	<u><u>\$101,652</u></u>	<u><u>\$71,680</u></u>

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

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**VALLEY ENFORCEMENT REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Valley Enforcement Regional Council of Governments, Cuyahoga County, Ohio, (the Council) is a regional council of government formed under Chapter 167 of the Ohio Revised Code and Article XVIII, Section 3 of the Ohio Constitution. The Council is comprised of 15 communities and was formed to foster cooperation among political subdivisions through the sharing of facilities for their common benefit. This includes the formal supervision and control of the "Valley Enforcement Group" ("VEG"). The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and Secretary and other officers elected in annual elections. The Board oversees and manages the Council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. The Council also acquires and owns police equipment and other property, to be utilized by all participating members. The Council sets the budget of the VEG upon the recommendation of the VEG Board of Trustees.

The VEG, a 501c(6) organization, is administered by a Board of Trustees composed of the Chief of Police, or acting Chief of Police, of the political subdivisions that formed the Council. The VEG has been designated as an agency of the Council, providing the mutual interchange and sharing of police personnel and police equipment

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Council's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

D. Fund Accounting

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

General Fund

The General Fund reports all financial resources.

**VALLEY ENFORCEMENT REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant, and Equipment

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

2. EQUITY IN CASH AND INVESTMENTS

The carrying amount of cash and investments at December 31 follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$31,992	\$90
Investment - money market	<u>69,660</u>	<u>71,590</u>
Total deposits and investments	<u>\$101,652</u>	<u>\$71,680</u>

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

Investments: Investments in money markets are not evidenced by securities that exist in physical or book-entry form.

3. RISK MANAGEMENT

The Council has obtained comprehensive general liability insurance, public official's liability insurance and law enforcement liability insurance in its own name and on behalf of the VEG.



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

Valley Enforcement Regional Council of Governments
Cuyahoga County
6523 Chagrin River Road
Bentleyville, Ohio 44022

To the Board of Trustees:

We have audited the financial statements of the Valley Enforcement Regional Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2010, and December 31, 2009 and have issued our report thereon dated December 1, 2011, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-01.

We also noted certain matters not requiring inclusion in this report that we reported to Council's management in a separate letter dated December 1, 2011.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

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

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

Dave Yost
Auditor of State

December 1, 2011

**VALLEY ENFORCEMENT REGIONAL COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Publicizing Public Meetings – Material Noncompliance Finding

Ohio Rev. Code § 121.22(C) provides that all meetings of any public body are to be open to the public at all times. A member of a public body must be present in person at a meeting open to the public to be considered present or to vote and for determining whether a quorum is present. The minutes of a regular or special meeting of any such public body shall be promptly recorded and open to public inspection. The minutes need only reflect the general subject matter of discussions in executive sessions.

Ohio Rev. Code § 121.22(F) provides that every public body shall, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of any emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall notify the news media that have requested immediate notification.

The Council's governing body held nine meetings in 2010 and 2009 to discuss issues such as the approval of expenditures, applying for grants, and the establishment of committees. In our opinion these meeting should have been open to the public. However, the Council did not publicize the meeting time, place and purpose.

We recommend the Council's governing body establish procedures on notifying the general public and news media of the meeting time, place and purpose.

Council's Response

We will correct this in the future.

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VALLEY ENFORCEMENT REGIONAL COUNCIL OF GOVERNMENTS

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 15, 2011**