



Dave Yost • Auditor of State

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances – General Fund – For the Year Ended December 31, 2011	5
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Balances – General Fund – For the Year Ended December 31, 2010.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Dave Yost • Auditor of State

Southwest Council of Governments
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

To the Members of Council:

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

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Dave Yost
Auditor of State

September 19, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Southwest Council of Governments
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

To the Members of Council:

We have audited the accompanying financial statements of Southwest Council of Governments, Cuyahoga County, (the Council) as of and for the years ended December 31, 2011 and 2010. 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, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2011 and 2010, 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 balance as of December 31, 2011 and 2010 and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 5, during 2011 the Southwest Council of Governments adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2012, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Dave Yost
Auditor of State

September 19, 2012

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General Fund
Cash Receipts:	
Membership	\$275,000
Interest	204
Grant Reimbursements	39,254
<i>Total Cash Receipts</i>	314,458
 Cash Disbursements:	
Ammunition	25,765
Equipment and Supplies	37,210
Maintenance	9,258
Professional Services	16,343
Training	30,765
Uniforms and Clothing	26,720
Administration	12,969
Fire Investigation Unit	4,336
Haz-Mat Team	29,861
Technical Rescue	20,564
<i>Total Cash Disbursements</i>	213,791
 <i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	100,667
 <i>Fund Cash Balances, January 1</i>	359,997
 Fund Cash Balances, December 31	
Unassigned	460,664
 <i>Fund Cash Balances, December 31</i>	\$460,664

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

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Fund
Cash Receipts:	
Membership	\$247,000
Interest	107
Grant Reimbursements	14,462
Miscellaneous	80
<i>Total Cash Receipts</i>	261,649
 Cash Disbursements:	
Ammunition	17,284
Equipment and Supplies	53,278
Maintenance	1,953
Professional Services	13,993
Training	23,502
Uniforms and Clothing	20,528
Administration	12,053
Fire Investigation Unit	5,517
Haz-Mat Team	5,313
Tactical Emergency Medical SWAT	11,014
Technical Rescue	24,516
<i>Total Cash Disbursements</i>	188,951
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	72,698
<i>Fund Cash Balances, January 1</i>	287,299
<i>Fund Cash Balances, December 31</i>	\$359,997

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

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Southwest Council of Governments, Cuyahoga County, Ohio, (the Council) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Council was established in 1972 and incorporated under the statutory guidelines of Ohio Revised Code Chapter 167. The Council currently consists of: City of Berea, City of Brecksville, City of Broadview Heights, City of Brooklyn, Village of Brooklyn Heights, City of Brook Park, City of Brunswick, Village of Cuyahoga Heights, City of Independence, City of Middleburg Heights, Village of Newburgh Heights, City of North Royalton, City of Olmsted Falls, Olmsted Township, City of Parma, City of Parma Heights, City of Seven Hills, City of Strongsville, and Village of Valley View.

The Council has two purposes. The Southwest Enforcement Bureau's purpose is to provide cooperative efforts between the law enforcement agencies of the members; serve as a forum for discussion of area-wide law enforcement problems; collect and exchange information relating to law enforcement activities; and to provide for the exchange of services, physical assistance, and mutual aid among members in such a manner as deemed necessary and appropriate by the Council for effective law enforcement. The Southwest Emergency Response Team's (SERT) purpose is to provide cooperative efforts between the fire departments of the members; serve as a forum for discussion of area-wide hazardous materials problems; collect and exchange information relating to fire protection activities; and to provide for the exchange of services, physical assistance, and mutual aid among members in such a manner as deemed necessary and appropriate by the Council for effective fire protection and hazardous materials response. 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. Deposits and Investments

The Council had no investments at December 31, 2011, and December 31, 2010.

D. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted to use. The Council classifies its only fund as a General Fund:

General Fund

The General Fund is the general operating fund. It is used to account for all Council financial activity.

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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 Pooled Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2011	2010
Demand deposits	\$460,664	\$359,997
Total deposits	\$460,664	\$359,997

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

3. Retirement Systems

The Council's Secretary/Treasurer belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the Plan's retirement benefits, including postretirement healthcare and survivor and disability benefits to participants. The Council had no payroll expenditures in 2011 and therefore did not make any payments to OPERS.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2010</i>	<i>10%</i>	<i>14%</i>

The Ohio Revised Code also prescribes contribution rates. For 2010, the Council's OPERS member contributed 10% of his gross salary and the Council contributed an amount equaling 14% of the participant's gross salary. The Council has paid all contributions required through December 31, 2010.

4. Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine;
- Terrorism;
- Vehicles; and
- Errors and omissions.

**SOUTHWEST COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Change in Accounting Principle

For fiscal year 2011, the Council has implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The implementation of this Statement did not have an effect on the Council's financial statements.

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Dave Yost • Auditor of State

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

Southwest Council of Governments
Cuyahoga County
11 Berea Commons
Berea, Ohio 44017

To the Members of Council:

We have audited the financial statements of the Southwest Council of Governments, Cuyahoga County, (the Council) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 19, 2012, wherein we noted the Council adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for the year ended December 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated September 19, 2012.

We intend this report solely for the information and use of management and others within the Council.

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

Dave Yost
Auditor of State

September 19, 2012



Dave Yost • Auditor of State

SOUTHWEST 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
OCTOBER 04, 2012**