



**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Stark Council of Governments
Stark County
218 Cleveland Ave., S.W.
Canton, Ohio 44702

To the Executive Committee:

We have audited the accompanying financial statements of the Stark Council of Governments, Stark County (the SCOG) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the SCOG'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 audits 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 SCOG 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 and reserves for encumbrances of the SCOG as of December 31, 2000 and 1999, 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 May 25, 2001 on our consideration of the SCOG'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 the audit committee, management, the Executive Committee, and other officials authorized to receive this report under Section 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

May 25, 2001

**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	2000	1999
Cash Receipts:		
Intergovernmental	\$2,026,718	\$1,970,573
Investment Income	102,081	39,690
Other	2,779	311
Total Cash Receipts	2,131,578	2,010,574
Cash Disbursements:		
Current:		
Personal Services - Salaries and Wages	85,284	82,837
Personal Services - Employee Benefits	27,926	34,867
Supplies and Material	86,589	60,844
Purchased Services	250,779	282,413
Other Allocations	1,088,725	1,065,929
Capital Outlay	207,244	99,505
Total Cash Disbursements	1,746,547	1,626,395
Total Cash Receipts Over Cash Disbursements	385,031	384,179
Fund Cash Balance, January 1	1,914,025	1,529,846
Fund Cash Balance, December 31	\$2,299,056	\$1,914,025
Reserves for Encumbrances, December 31	\$975,370	\$562,943

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

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**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Stark Council of Governments (the SCOG) is established by its member political subdivisions as a regional council under Chapter 167 of the Ohio Revised Code for the purpose of providing a permanent forum for discussion and study of concerns of the county, cities and villages and for development of policies and programs for implementation by one or more of the local governing bodies. The SCOG operates under the direction of a nine member Executive Committee, which is elected by the General Membership of the SCOG. The General Membership consists of one representative designated by each political subdivision. The SCOG's current functions include but are not limited to the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab.

The SCOG's management believes these financial statements present all activities for which the SCOG 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 they are earned. Disbursements are recognized when they are paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. Cash and Investments

The Stark County Auditor acts as the fiscal agent for the SCOG and the County Treasurer maintains a cash and investment pool, including all funds for which the County Auditor is the fiscal agent. The County Treasurer also maintains an investment in STAR Ohio (the State Treasurer's investment pool) for the SCOG which is valued at amounts reported by the State Treasurer.

D. Fund Accounting

The SCOG uses fund accounting to segregate cash and investments that are restricted as to use. The General Fund is the general operating fund. It is used to account for all financial resources of the SCOG.

E. Budgetary Process

Appropriations

According to the bylaws of the SCOG, the General Membership shall adopt an appropriation resolution for each calendar year on or before December 31 of the preceding year. The annual appropriation shall not exceed the Certificate of Estimated Resources received from the Stark County Budget Commission.

**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

Stark County, the fiscal agent for the SCOG, maintains a cash and investment pool used by all funds, including the SCOG. The County also maintains a separate STAR Ohio account for SCOG. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Deposits with County Treasurer	\$1,794,653	\$406,976
STAR Ohio	<u>504,403</u>	<u>1,507,049</u>
Total deposits and investments	<u>\$2,299,056</u>	<u>\$1,914,025</u>

Deposits:

Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Funds Held:

In October 2000, the SCOG received roughly \$302,000 in lieu of a performance bond from Cogent Systems, Inc. for the purchase of an Automated Palm Fingerprint Identification System. As prescribed by the contract, the money was invested in a 90 day certificate of deposit. The interest earned became the property of the SCOG and was reflected within the accounting records and financial statements; however, the \$302,000 receipt and funds held as of December 31, 2000 are not included within these financial statements.

**STARK COUNCIL OF GOVERNMENTS
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,856,945	\$2,721,917	\$135,028

1999 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,648,438	\$2,189,338	\$459,100

4. RISK MANAGEMENT

The SCOG has obtained commercial insurance for the following risks:

- Municipal Liability
- Law Enforcement Liability
- Government Automobile Coverage

5. CONTINGENT LIABILITY

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Stark Council of Governments
Stark County
218 Cleveland Ave., S.W.
Canton, Ohio 44702

To the Executive Committee:

We have audited the accompanying financial statements of the Stark Council of Governments, Stark County (the SCOG) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 25, 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 SCOG'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*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the SCOG'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.

Stark Council of Governments
Stark County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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 SCOG in a separate letter dated May 25, 2001.

This report is intended for the information and use of the audit committee, management and the Executive Committee and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 25, 2001



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STARK COUNCIL OF GOVERNMENTS

STARK 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
JULY 10, 2001**