



**Auditor of State
Betty Montgomery**

**WESTSHORE COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Westshore Council of Governments
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

We have audited the accompanying financial statements of the Westshore Council of Governments, Cuyahoga, Ohio (the Council) as of and for the years ended December 31, 2003 and December 31, 2002. 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 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 Council 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 combined fund cash balances and reserves for encumbrances of the Westshore Council of Governments, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, and its combined 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 June 22, 2004 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 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 Directors 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". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 22, 2004

**WESTSHORE COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES-
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Dues	\$426,750		\$426,750
Other Government Grants-In-Aid		\$8,255	8,255
Interest Earnings	1,239		1,239
Fines and Forfeitures	12,380		12,380
All Other Income	30,959		30,959
Total Cash Receipts	<u>471,328</u>	<u>8,255</u>	<u>479,583</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	<u>485,338</u>	<u>8,256</u>	<u>493,594</u>
Total Cash Disbursements	<u>485,338</u>	<u>8,256</u>	<u>493,594</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(14,010)</u>	<u>(1)</u>	<u>(14,011)</u>
Fund Cash Balances, January 1	<u>209,049</u>	<u>1</u>	<u>209,050</u>
Fund Cash Balances, December 31	<u>\$195,039</u>	<u>\$0</u>	<u>\$195,039</u>
Reserves for Encumbrances, December 31	<u>\$94,097</u>	<u>\$0</u>	<u>\$94,097</u>

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

**WESTSHORE COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Dues	\$305,779		\$305,779
Other Government Grants-In-Aid		\$18,990	18,990
Interest Earnings	2,294		2,294
Fines and Forfeitures	13,818		13,818
All Other Income	45,348		45,348
Total Cash Receipts	<u>367,239</u>	<u>18,990</u>	<u>386,229</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	<u>370,430</u>	<u>18,990</u>	<u>389,420</u>
Total Cash Disbursements	<u>370,430</u>	<u>18,990</u>	<u>389,420</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(3,191)</u>	<u>0</u>	<u>(3,191)</u>
Fund Cash Balances, January 1	<u>212,240</u>	<u>1</u>	<u>212,241</u>
Fund Cash Balances, December 31	<u>\$209,049</u>	<u>\$1</u>	<u>\$209,050</u>
Reserve for Encumbrances, December 31	<u>\$66,285</u>	<u>\$0</u>	<u>\$66,285</u>

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

**WESTSHORE COUNCIL OF GOVERNEMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Westshore 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 operates under the direction of a six-member Council of Mayors and a six-member Council of Police Chiefs. The Council of Police Chiefs provides its member communities with the enforcement against illegal drug activity in the western part of Cuyahoga County.

The Council's management believes these financial statements present all activities for which the Council 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 National City Bank Money Market Account is valued at amounts reported by the bank.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following Special Revenue Fund:

Special Revenue Fund – used to account for receipts that are restricted for the enforcement of the Anti-Drug Abuse Act.

E. Budgetary Process

The Council adopted an internal budgetary process whereby the annual budget is based upon revenue projections from annual membership dues. A summary of the 2003 and 2002 budgetary activity appears in Note 3.

**WESTSHORE COUNCIL OF GOVERNEMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council 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 follows:

	2003	2002
Demand Deposits	\$191,539	\$205,550
Petty Cash	3,500	3,500
Total	\$195,039	\$209,050

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

Fund Type	2003 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 426,750	\$ 471,328	\$ 44,578
Special Revenue	6,604	8,255	1,651
Total	\$ 433,354	\$ 479,583	\$ 46,229

**WESTSHORE COUNCIL OF GOVERNEMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 587,964	\$ 579,435	\$ 8,529
Special Revenue	6,605	8,256	(1,651)
Total	<u>\$ 594,569</u>	<u>\$ 587,691</u>	<u>\$ 6,878</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 305,778	\$ 367,239	\$ 61,461
Special Revenue	13,394	18,990	5,596
Total	<u>\$ 319,172</u>	<u>\$ 386,229</u>	<u>\$ 67,057</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 459,820	\$ 436,715	\$ 23,105
Special Revenue	13,394	18,990	(5,596)
Total	<u>\$ 473,214</u>	<u>\$ 455,705</u>	<u>\$ 17,509</u>

4. OTHER GOVERNMENT GRANTS-IN-AID

The Westshore Council of Governments received federal monies for local drug enforcement from a federal grant called the WEB Narco Control Unit passed through the Board of Cuyahoga County Commissioners. This revenue is reflected in the accompanying financial statements as Other Government Grants-In-Aid.

5. RETIREMENT SYSTEM

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a state operated, cost-sharing, multiple employer public employee retirement plan. OPERS' plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. The Council's OPERS members contribute 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of the participant's gross salaries through December 31, 2003. The Council has paid all contributions required through December 31, 2003.

**WESTSHORE COUNCIL OF GOVERNEMENTS
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(CONTINUED)**

6. RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Property and Commercial General Liability;
- Inland Marine; and
- Automobile

The Council also provides health insurance to full-time employees through a private carrier. The Council's liability for health care is limited to the premiums paid.



Auditor of State Betty Montgomery

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

Westshore Council of Governments
Cuyahoga County
350 Dover Center Road
Bay Village, Ohio 44140

We have audited the financial statements of the Westshore Council of Governments, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated June 22, 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 Council'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 Council in a separate letter dated June 22, 2004.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Council'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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-001.

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. However, we do not believe the reportable condition described above is a material weakness. 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 Council in a separate letter dated June 22, 2004.

This report is intended solely for the information and use of management 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

June 22, 2004

**WESTSHORE COUNCIL OF GOVERNMENTS
CUYAHOGA COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER	2003-001
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Record Retention

It is important that the Westshore Council of Governments (Council) retain adequate records of procedures performed and the methods used as an adequate means of defending accounting transactions. Ultimately documentation can be the clearest form of evidence that is widely used and readily available to an auditor.

During our test of 2002 intergovernmental revenue, we became aware of a HAZ-mat grant received by the Council, however, other than a copy of the check for the grant and miscellaneous records regarding training, no documentation supporting the accounting of the grant was maintained by the Council, including the grant agreement. Therefore, the Council failed to maintain specific and necessary documentation to support the completeness and accuracy of its accounting transactions pertaining to intergovernmental revenue.

We recommend the Council re-evaluate whether there is a deficiency, in public record retention awareness, or whether this was just an isolated incident. Regardless, the Council should maintain all documentation supporting its financial transactions in accordance with an applicable record retention policy that remains consistent with the requirements of the Ohio Revised Code (see Section 149.351 (a), Ohio Revised Code, or seek the legal representative provided to you by law for further legal guidance).



**Auditor of State
Betty Montgomery**

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WESTSHORE 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
AUGUST 5, 2004**