



OHIO AUDITOR OF STATE  
**KEITH FABER**





**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY  
DECEMBER 31, 2019 AND 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Governmental Fund Types – For the Year Ended December 31, 2019 .....	5
Notes to the Financial Statements – For the Year Ended December 31, 2019 .....	6
Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – Governmental Fund Types – For the Year Ended December 31, 2018 .....	11
Notes to the Financial Statements – For the Year Ended December 31, 2018 .....	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17

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## INDEPENDENT AUDITOR'S REPORT

Eastern Suburban Regional Council of Governments  
Cuyahoga County  
5827 Highland Road  
Highland Heights, Ohio 44143

To the Members of the Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Eastern Suburban Regional Council of Governments, Cuyahoga County, Ohio (the Council) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Eastern Suburban Regional Council of Governments, Cuyahoga County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

May 7, 2020

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**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES (CASH BASIS)  
 GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS</b>			
Confiscated Funds	\$ -	\$ 38,249	\$ 38,249
Member Contributions	125,000	-	125,000
Sale of Property	-	10,417	10,417
Drug Fines	-	14,190	14,190
Restitution	-	150	150
Miscellaneous	14	1,663	1,677
Interest	-	48	48
<b>Total Cash Receipts</b>	<u>125,014</u>	<u>64,717</u>	<u>189,731</u>
<b>CASH DISBURSEMENTS</b>			
Current:			
Legal Advisor and Fiscal Agent	7,800	-	7,800
Insurance	19,938	-	19,938
Vehicles Lease and Repairs	274	9,380	9,654
Training	1,500	3,060	4,560
Tactical Unit	22,156	-	22,156
Bomb Squad Unit	10,565	-	10,565
Drug Unit	-	153,326	153,326
Traffic Unit	27,690	-	27,690
Crisis Intervention Unit	4,051	-	4,051
Communications	8,132	-	8,132
Office Supplies	410	-	410
Miscellaneous	600	-	600
<b>Total Cash Disbursements</b>	<u>103,116</u>	<u>165,766</u>	<u>268,882</u>
Net Change in Fund Cash Balances	21,898	(101,049)	(79,151)
Fund Cash Balances - Beginning of Year	<u>61,386</u>	<u>415,425</u>	<u>476,811</u>
<b>Fund Cash Balances - End of Year</b>			
Committed	-	314,376	314,376
Unassigned	83,284	-	83,284
<b>Fund Cash Balances - End of Year</b>	<u>\$ 83,284</u>	<u>\$ 314,376</u>	<u>\$ 397,660</u>

See accompanying notes to the financial statements.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

The Eastern Suburban Regional Council of Governments (the Council) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The governing body of the Council is comprised of a council of five Police Chiefs and Mayors of member cities/villages. The Council operates in accordance with a written agreement establishing the Council pursuant to Ohio Revised Code Chapter 167.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN), which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all participating members. Annual member receipts are based on need.

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 during 2019.

D. **Fund Accounting**

The Council classifies its funds as a General Fund and a Special Revenue Fund. The General Fund is a general operating fund and the Special Revenue Drug Enforcement Unit Fund is used to account for all drug enforcement activity.

E. **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Fund Balance** (Continued)

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

The Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Council's Board or a Council official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. **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.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 2: EQUITY IN POOLED DEPOSITS**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

Demand Deposits	2019
	\$397,660

Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of December 31, 2019, \$250,000 of the Council’s bank balance of \$397,660 was covered by Federal Depository Insurance and \$147,660 was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Council’s name.

Custodial credit risk is the risk that, in the event of a bank failure, the Council’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specific collateral held at a Federal Reserve Bank in the name of the Council.

**NOTE 3: RISK MANAGEMENT**

The Council belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Members”). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 as of December 31, 2018 (latest information available).

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2019**

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**NOTE 3: RISK MANAGEMENT** (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and retained earnings at December 31, 2018 (the latest information available):

	2018
Assets	\$ 15,065,412
Liabilities	(10,734,623)
Members' Equity	\$ 4,330,789

Complete audited financial statements are available for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**NOTE 4: CHANGE IN ACCOUNTING PRINCIPLES**

During the year, the Council implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs).

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units.

GASB Statement No. 84, *Fiduciary Activities*. This Statement established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities.

The implementation of these GASB statements did not have an effect on the Council's financial statements or beginning net position.

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**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND BALANCES (CASH BASIS)  
 GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS</b>			
Confiscated Funds	\$ -	\$ 181,001	\$ 181,001
Foundation Grant	5,000	-	5,000
Member Contributions	127,500	-	127,500
Sale of Property	-	79,027	79,027
Drug Fines	-	8,793	8,793
Restitution	-	1,350	1,350
Contributions and Donations	7,430	-	7,430
Miscellaneous	8,099	-	8,099
<b>Total Cash Receipts</b>	<u>148,029</u>	<u>270,171</u>	<u>418,200</u>
<b>CASH DISBURSEMENTS</b>			
Current:			
Legal Advisor and Fiscal Agent	7,800	-	7,800
Insurance	19,835	-	19,835
Vehicles Lease and Repairs	445	8,124	8,569
Training	-	3,535	3,535
Tactical Unit	39,118	-	39,118
Bomb Squad Unit	6,934	-	6,934
Drug Unit	-	121,617	121,617
Crisis Intervention Unit	16,195	-	16,195
Communications	26,323	-	26,323
Office Supplies	64	-	64
Equitable Sharing	-	2,603	2,603
Miscellaneous	1,455	-	1,455
<b>Total Cash Disbursements</b>	<u>118,169</u>	<u>135,879</u>	<u>254,048</u>
Excess of Receipts Over (Under) Disbursements	<u>29,860</u>	<u>134,292</u>	<u>164,152</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Transfers Out	(20,000)	20,000	-
<b>Total Other Financing Sources (Uses)</b>	<u>(20,000)</u>	<u>20,000</u>	<u>-</u>
Net Change in Fund Balances	9,860	154,292	164,152
Fund Balances - Beginning of Year	<u>51,526</u>	<u>261,133</u>	<u>312,659</u>
<b>Fund Balances - End of Year</b>			
Committed	-	415,425	415,425
Unassigned	<u>61,386</u>	<u>-</u>	<u>61,386</u>
<b>Fund Balances - End of Year</b>	<u>\$ 61,386</u>	<u>\$ 415,425</u>	<u>\$ 476,811</u>

See accompanying notes to the financial statements.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Description of the Entity**

The Eastern Suburban Regional Council of Governments (the Council) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The governing body of the Council is comprised of a council of five Police Chiefs and Mayors of member cities/villages. The Council operates in accordance with a written agreement establishing the Council pursuant to Ohio Revised Code Chapter 167.

The Council established one subsidiary organization, the Suburban Police Anti-Crime Network (SPAN), which provides for the mutual interchange and sharing of police personnel and police equipment to be utilized by all participating members. Annual member receipts are based on need.

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 during 2018.

D. **Fund Accounting**

The Council classifies its funds as a General Fund and a Special Revenue Fund. The General Fund is a general operating fund and the Special Revenue Drug Enforcement Unit Fund is used to account for all drug enforcement activity.

E. **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
CUYAHOGA COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

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NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Fund Balance** (Continued)

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

The Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by the Council's Board or a Council official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. **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.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

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**NOTE 2: EQUITY IN POOLED DEPOSITS**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2018 was as follows:

	2018
Demand Deposits	\$476,811

Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 3: RISK MANAGEMENT**

The Council belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 as of December 31, 2018 (latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENTS  
 CUYAHOGA COUNTY, OHIO  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2018**

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NOTE 3: **RISK MANAGEMENT** (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles and reported the following assets, liabilities, and retained earnings at December 31, 2018 (the latest information available):

	2018
Assets	\$ 15,065,412
Liabilities	(10,734,623)
Members' Equity	\$ 4,330,789

Complete audited financial statements are available for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

NOTE 4: **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the Council implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)).

GASB 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

The implementation of these GASB statements did not have an effect on the Council's financial statements or beginning net position.

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# OHIO AUDITOR OF STATE KEITH FABER



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NortheastRegion@ohioauditor.gov

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

Eastern Suburban Regional Council of Governments  
Cuyahoga County  
5827 Highland Road  
Highland Heights, Ohio 44143

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Eastern Suburban Regional Council of Governments, Cuyahoga County, (the Council) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 7, 2020 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

May 7, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**EASTERN SUBURBAN REGIONAL COUNCIL OF GOVERNMENT**

**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  
MAY 19, 2020**