



**LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Statements of Cash Receipts, Cash Disbursements, and Changes in Cash Balances For the Years Ended December 31, 2000 and 1999 .....	3
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9

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## REPORT OF INDEPENDENT ACCOUNTANTS

Licking/Richland Council of Government  
Richland County  
314 Cleveland Avenue  
Mansfield, Ohio 44902

To the Members of Council:

We have audited the accompanying financial statements of the Licking/Richland Council of Government, Richland County, Ohio, (the COG) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the COG's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 discussed in Note 1, the COG 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 cash balances of the COG as of December 31, 2000 and 1999, and its cash receipts and disbursements for the year 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 22, 2001, on our consideration of the COG'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 management, the Council, 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.

**Jim Petro**  
Auditor of State

May 22, 2001

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**LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>2000</b>	<b>1999</b>
<b>Cash Receipts:</b>		
Intergovernmental	\$1,501,572	\$1,440,827
Earnings on Investments	137,846	58,529
Total Cash Receipts	1,639,418	1,499,356
<b>Cash Disbursements:</b>		
Current:		
Contractual Services	557,898	460,445
Miscellaneous	3,860	2,315
Total Cash Disbursements	561,758	462,760
Total Cash Receipts Over Cash Disbursements	1,077,660	1,036,596
Cash Balances, January 1	1,779,914	743,318
<b>Cash Balances, December 31</b>	<b>\$2,857,574</b>	<b>\$1,779,914</b>

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

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**LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Licking/Richland Council of Government, Richland County, (the COG) 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 COG was officially formed on May 1, 1997, with financial operations commencing July 1, 1997. Eligibility for membership in the COG is limited to the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities. Each Board appoints its Superintendent to act as its representative at the COG meetings and for all COG business. The COG provides home maker, personal care, transportation and other related services to persons with mental retardation and developmental disabilities. These services are provided primarily through contracts with private agencies.

The COG's management believes these financial statements present all activities for which the COG 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 cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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**

Investments are included in the cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. Property, Plant and Equipment**

The COG does not own any property, plant and equipment. Property, plant and equipment used by the COG are provided by the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities.

**E. Budgetary Process**

The COG is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the COG uses internal budgets for planning purposes which they adopt annually.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The COG maintains a cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u><b>2000</b></u>	<u><b>1999</b></u>
Demand deposits	\$2,468	\$1,581
STAR Ohio	<u>2,855,106</u>	<u>1,778,333</u>
Total deposits and investments	<u><b>\$2,857,574</b></u>	<u><b>\$1,779,914</b></u>

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

2000 Estimated vs. Actual Receipts		
Estimated Receipts	Actual Receipts	Variance
\$1,408,650	\$1,639,418	\$230,768

2000 Estimated vs. Actual Expenditures		
Estimated Expenditures	Actual Expenditures	Variance
\$832,674	\$561,758	\$270,916

1999 Estimated vs. Actual Receipts		
Estimated Receipts	Actual Receipts	Variance
\$1,594,816	\$1,499,356	(\$95,460)

1999 Estimated vs. Actual Expenditures		
Estimated Expenditures	Actual Expenditures	Variance
\$1,013,848	\$462,760	\$551,088

**LICKING/RICHLAND COUNCIL OF GOVERNMENT  
RICHLAND COUNTY**

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

**4. RISK MANAGEMENT**

The COG has general liability coverage through the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities.

**5. RELATED PARTY TRANSACTIONS**

Certain employees of the Licking and Richland Boards of Mental Retardation and Developmental Disabilities provide services to the COG without charge.

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

Licking/Richland Council of Government  
Richland County  
314 Cleveland Avenue  
Mansfield, Ohio 44902

To the Members of Council:

We have audited the accompanying financial statements of the Licking/Richland Council of Government, Richland County, Ohio, (the COG) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 22, 2001. We conducted our audits in accordance with generally accepted auditing standards 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 COG'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 COG'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. However, we noted a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the COG in a separate letter dated May 22, 2001.

Licking/Richland Council of Government  
Richland County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

May 22, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LICKING/ RICHLAND COUNCIL OF GOVERNMENTS**

**RICHLAND 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  
JUNE 26, 2001**