



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Central Ohio Rural Consortium
Licking County
20 South Second Street
Newark, Ohio 43055

We have audited the accompanying general-purpose financial statements of the Central Ohio Rural Consortium, Licking County, Ohio (the Consortium) as of and for the seventeen month period ended February 28, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Consortium's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose 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 audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Central Ohio Rural Consortium, Licking County, Ohio, as of February 28, 2002, and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2002 on our consideration of the Consortium'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.

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JIM PETRO
Auditor of State

July 8, 2002

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**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**BALANCE SHEET
FEBRUARY 28, 2002**

Assets:	
Cash and Cash Equivalents	\$ 74,687
Interest Receivable	<u>65</u>
Total Assets	<u><u>\$74,752</u></u>
Liabilities and Fund Equity:	
Liabilities:	
Accounts Payable	\$ 4,000
Due to Other Governments	<u>70,752</u>
Total Liabilities	<u>74,752</u>
Fund Equity:	
Fund Balance - Unreserved	<u>0</u>
Total Fund Equity	<u>0</u>
Total Liabilities and Fund Equity	<u><u>\$ 74,752</u></u>

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

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
FOR THE PERIOD ENDED FEBRUARY 28, 2002**

Revenues:	
Intergovernmental	\$ 332,125
Investment Income	1,690
Other Receipts	<u>4,962</u>
Total Revenues	<u>338,777</u>
Expenditures:	
Current:	
Salaries and Benefits	209,089
Administrative	93,576
Program	<u>36,112</u>
Total Expenditures	<u>338,777</u>
Total Revenues Over/(Under) Expenditures	<u>-</u>
Fund Balance, October 1, 2000	<u>-</u>
Fund Balance, February 28, 2002	<u>\$ -</u>

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

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)
FOR THE PERIOD ENDED FEBRUARY 28, 2002**

	Budget	Actual	Variance
Revenues			
Intergovernmental	\$ 184,810	\$ 332,125	\$ 147,315
Interest	-	1,690	1,690
Other	-	4,962	4,962
Totals Receipts	184,810	338,777	153,967
Expenditures:			
Payroll			
Salaries	109,986	136,825	(26,839)
Other Payroll Related	43,874	72,264	(28,390)
Total Payroll	153,860	209,089	(55,229)
Administrative			
Supplies	4,500	8,591	(4,091)
Utilities	5,000	4,183	817
Other	20,450	80,802	(60,352)
Total Administrative	29,950	93,576	(63,626)
Program	1,000	36,112	(35,112)
Total Expenditures	184,810	338,777	(153,967)
Total Receipts Over/(Under) Expenditures	-	-	-
Beginning Cash Balance	-	-	-
Ending Fund Balance	\$ -	\$ -	-

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

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**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 28, 2002**

NOTE 1 – REPORTING ENTITY

The Central Ohio Rural Consortium (the Consortium) is a Regional Council of Government established under Chapter 167 of the Ohio Revised Code by the County Commissioners of Coshocton and Licking Counties for the purpose of providing personal employment skills and support to the residents of these counties.

The Consortium focuses services in its two-county area on the following;

- Targeting efforts to young people, working women with families, older and dislocated workers.
- Offering a highly supportive approach to help individuals gain the personal, educational, and employment skills they need.
- Assisting employers, especially small businesses, by supporting training activities for their new and existing workers.
- Continuing to develop more productive relationships with area educational institutions and community agencies so more and better training opportunities for people will result.

See Note 9 to these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT POLICIES

The general-purpose financial statements of the Consortium have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Consortium's accounting policies are described below.

Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of Consortium are organized and operated on the basis of a fund. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and management requirements.

The Consortium has the following fund type:

Governmental Fund

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resource's measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The government considers all revenue to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 28, 2002
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The Governmental fund includes the following fund type:

Special Revenue Fund – The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to the expenditures for specified purposes, including grants.

Cash and Cash Equivalents

The Consortium's cash is considered to be cash on hand, demand deposits, and bank accounts. Cash received by the Consortium is deposited in a central bank account with individual fund balance integrity maintained. State statutes authorize the Consortium to invest in obligations of U.S. Treasury, commercial paper and repurchase agreements. However, the Consortium does not invest any of its excess funds.

Intergovernmental Revenue

The Consortium's intergovernmental revenues represent program support from Coshocton and Licking Counties for Workforce Investment Act (WIA) implementation. See Note 9 to these financial statements.

Receivables and Payables

Receivables and payables to be recorded on the Consortium's general-purpose financial statements are recorded to the extent that the amounts are determined material and substantiated not only by supporting documentation, but also, by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of payables, collectibility.

NOTE 3 – RECONCILIATION OF OPERATIONS FROM BUDGET BASIS TO GAAP BASIS

The budget basis financial statements are presented in accordance with the modified accrual basis of accounting. As such, no adjustments are necessary to convert the results of operations at the end of the seventeen month period ended February 28, 2002 from the budget basis to the GAAP basis.

NOTE 4 – DEPOSITS AND INVESTMENTS

Moneys held by the Consortium are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the Consortium treasury. Active moneys must be maintained either as cash in the Consortium treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Protection of the Consortium's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 28, 2002
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Moneys held by the Consortium which are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

1. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
2. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
3. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
4. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Securities lending agreements in which the Consortium lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) of this section or cash or both securities and cash, equal value for equal value;
8. High grade commercial paper in an amount not to exceed five percent of the Consortium's total average portfolio; and,
9. Bankers acceptance for a period not to exceed 270 days and in an amount not to exceed ten percent of the Consortium's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Consortium, and must be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 28, 2002
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Deposits

As of February 28, 2002, the carrying amount of the Consortium's deposits was \$74,687 and the bank balance was \$74,687. The entire bank balance was covered by federal depository insurance.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

The Consortium's employees participated in the Public Employees Retirement System of Ohio (PERS), a cost sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employee Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent their annual covered salary to fund pension obligations. For plan members, the Consortium was required to contribute 9.25 percent of covered salary for 2001, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Consortium's contributions to PERS for the year ended June 30, 1998, and for the period ended September 30, 2000 and February 28, 2002 were \$194,226, \$194,262, and \$74,596, respectively; 100 percent has been contributed for the year ended June 30, 1998 and for the periods ended September 30, 2000 and February 28, 2002.

NOTE 6 – POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2001 was 13.55 percent of covered payroll for employees; 4.3 percent was the portion that was used to fund health care. For 2000, the employer contribution rate was 10.84 percent of covered payroll for employees; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

**CENTRAL OHIO RURAL CONSORTIUM
LICKING COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED FEBRUARY 28, 2002
(Continued)**

NOTE 6 – POSTEMPLOYMENT BENEFITS (Continued)

The number of active contributing participants was 411,076. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

NOTE 7 – EMPLOYEE BENEFITS

The Consortium has a deferred compensation plan that is available to all employees of the organization. The plan is a voluntary contribution plan, which was formed under Section 457 of the Internal Revenue Code. The Consortium adopted GASB Statement 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, a recession of GASB Statement No. 2 and an amendment of GASB Statement No. 31*. GASB 32 specifies that the plan assets are to be held in trust for the exclusive benefit of participating employees and are not available to creditors.

The assets are the property of the employees who have made the contributions into the plan and, therefore, are not included in the general-purpose financial statements.

NOTE 8 – RISK MANAGEMENT

The Consortium is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Consortium maintains comprehensive commercial insurance coverage including liability coverage for building contents, and any hired or borrowed vehicles. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

NOTE 9 – SUBSEQUENT EVENTS

As of June 30, 2000, the Consortium received significant amounts of grant funding under the Job Training Partnership Act (JTPA) program. Effective July 1, 2000, JTPA was rescinded and the Workforce Investment Act (WIA) was enacted to provide funding for employment and training programs. The final JTPA grants ended September 30, 2000 and the Consortium was not approved for WIA funding. However, the Consortium remained in existence as a vendor to provide administrative, program, and planning support services for WIA implementation in Coshocton and Licking Counties. The contract with these counties ended on September 30, 2001 and the Consortium was formally dissolved on February 28, 2002. Any assets, minus close-out costs, of the Consortium are to be distributed to the participating counties in the formula equal to the administrative agreement with Coshocton and Licking Counties, for workforce development activities.

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

Central Ohio Rural Consortium
Licking County
20 South Second Street
Newark, Ohio 43055

We have audited the general-purpose financial statements of the Central Ohio Rural Consortium, Licking County, Ohio (the Consortium) as of February 28, 2002, and have issued our report thereon dated July 8, 2002. 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 Consortium's general-purpose 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 audit 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 audit, we considered the Consortium's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose 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.

Central Ohio Rural Consortium
Licking County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

JIM PETRO
Auditor of State

July 8, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CENTRAL OHIO RURAL CONSORTIUM

LICKING 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 20, 2002**