



Dave Yost • Auditor of State



**CLEARWATER COUNCIL OF GOVERNMENT**  
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## INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief  
Office of Audits, Ohio Department of Developmental Disabilities  
30 E. Broad Street, 13<sup>th</sup> Floor  
Columbus OH 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code § 5123.05 and as required by the *Application for a § 1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Clearwater Council of Government (Clearwater COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2010 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The Council of Government's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

### Trial Balance Analysis

1. We compared the COG's total assets to total liabilities plus equity on the Clearwater COG Trial Balance (as of December 31, 2010).

We found no differences.

2. We compared all receipt and disbursement entries on the Clearwater COG Trial Balance (as of December 31, 2010) to the Clearwater COG General Ledger (As of December 31, 2010).

We found no differences.

3. We compared all receipt and disbursement account totals on the Clearwater's 2010 Cost Report Backup Cash Basis-Revenue and the 2010 Cost Report Backup Cash Basis-Expenses reports to *Schedule A, Summary of Service Costs-By Program* of the COG cost report and Worksheets 2 through 10 and *Schedule C Income Report* of the *County Summary Workbooks* and Clearwater COG General Ledger (As of December 31, 2010).

We found no differences.

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<sup>1</sup> Clearwater COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). Clearwater COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Crawford, Erie, Huron, Marion, Morrow, Ottawa, Sandusky, Seneca and Wyandot.

4. We compared total disbursements on the Clearwater COG Trial Balance (as of December 31, 2010) to the total combined disbursements reported on *Schedule A, Summary of Expenditures-By Program* of the COG cost report (including costs allocated to the *County Summary Workbooks*).

We found no differences exceeding two percent of total combined disbursements reported on *Schedule A, Summary of Expenditures-By Program* of the COG cost report.

### Revenue Testing

1. DODD requested us to compare the COG's receipts with those reported on *Schedule C Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C Income Report* or greater than \$1,000.

We compared the amounts paid to COG per the 2010 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C Income Report* of the *County Summary Workbooks*.

We found no differences.

2. We scanned the Clearwater COG Trial Balance (as of December 31, 2010), 2010 Cost Report Backup Cash Basis-Revenue, and the 2010 Cost Report Backup Cash Basis-Expenses reports to see if any transfers were recorded on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found a transfer in the amount of \$238,235 included on *Worksheet 10, Adult Program Worksheet* of the Wyandot County Summary Workbooks which was a return of the County Board's funds and should be excluded from the costs reported. We reported this adjustment in Appendix A.

### Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's policies regarding capitalization of fixed assets with the following guidelines:

- Cost Report Guides for preparing *Worksheet 1, Capital Costs*
- 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2), and
- CMS Publication 15-1.

We found no inconsistencies between the COG's capitalization policies and the guidelines listed above.

2. DODD asked us to compare the COG's Depreciation Schedule for 2010 to *Worksheet 1, Capital Costs* of the COG Cost Report and report any variances exceeding two percent of total depreciation costs on *Worksheet 1, Capital Costs*.

We found no differences exceeding two percent.

3. We scanned the Clearwater COG's General Ledger (as of December 31, 2010) for items purchased during 2010 that met the COG's capitalization criteria and traced them to inclusion on the COG's Depreciation Schedule.

We found no unrecorded purchases meeting the capitalization criteria in the guidelines under procedure 1 above.

4. DODD asked us to scan the COG's Depreciation Schedule for 2010 for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We found no differences.

5. DODD asked us to compare the COG's audited 2009 Depreciation Schedule to the COG's 2010 Depreciation Schedules for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

We found no differences.

6. DODD asked us to select five assets from the COG's fixed asset schedule and trace these assets to their physical location.

We were able to trace all five assets to their physical location.

7. DODD asked us to haphazardly select five of the COG's fixed assets from their fixed asset schedule which meet the COG's capitalization policy and are correctly being depreciated in their first year in 2010.

We selected the only two fixed assets being depreciated in their first year in 2010 and determined if their useful life agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. We also recomputed the first year's depreciation for these assets, based on their cost, acquisition date and period of useful life to determine compliance with the Cost Report Guides and AHA Asset Guide.

We found no differences.

8. DODD asked us to haphazardly select the lesser of five percent or 20 disposed assets from the COG's 2010 list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger.

A list of disposed assets was unavailable for 2010 and was not examined. The business manager stated they did not have any fixed asset disposals during 2010.

### **Payroll Expenditure Testing**

1. DODD asked us to determine if employee salaries on the COG's payroll register were properly classified on the COG cost report or the *County Summary Workbooks* within one percent of total payroll costs on the COG trial balance.

We scanned the Payroll Totals by Job Description by Date Span report to determine if the employee salaries were recorded in the appropriate cost category on the COG cost report or the *County Summary Workbooks*.

We found differences exceeding one percent as reported in Appendix A.

2. DODD asked us to compare total payroll costs on the COG's trial balance to total payroll costs on the COG's cost report and the *County Summary Workbooks* and report variances exceeding one percent of total payroll costs on the COG's trial balance.

We compared the total payroll reported per the Clearwater COG Trial Balance (as of December 31, 2010) to total payroll costs per the COG cost report and the *County Summary Workbooks*.

We found no differences exceeding one percent.

3. DODD asked us to compare total payroll costs per the COG's cumulative W-2 report to total payroll costs per the COG's payroll register and report variances exceeding one percent of total payroll costs on the cumulative W-2 report.

A cumulative W-2 was unavailable for 2010 and was not examined. Therefore, we compared the total payroll per the COG's Payroll Totals by Job Description by Date Span report to total payroll per the COG's IHAC Expense detail report (by quarter for 2010).

We found no differences exceeding one percent of total payroll per the COG's Payroll Totals by Job Description by Date Span report.

4. We selected a haphazard sample of five employees and compared classification of the employees to entries on the COG's cost report or the *County Summary Workbooks* to determine if the allocation of salaries and benefit costs was consistent with the Cost Report Guides.

We found differences as reported in Appendix A.

#### **Non-Payroll Expenditure Testing**

1. We haphazardly selected a sample of 50 non-payroll disbursements from the Clearwater COG General Ledger (As of December 31, 2010) to determine if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified on the COG's cost report or the *County Summary Workbooks* or transfers properly left off these reports in accordance with the Cost Report Guides.

We reported differences in Appendix A.

2. We scanned the Clearwater COG General Ledger (As of December 31, 2010) and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B or costs which were not capitalized in accordance with the COG's capitalization policies reviewed under procedure 1 of the Property, Depreciation, and Asset Verification Testing.

We reported differences in Appendix A.

#### **Medicaid Administrative Claiming Testing (MAC)**

1. We compared the totals in the COG's MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to Lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming* of the COG cost report.

We found no differences.

2. We compared salaries for MAC employees recorded on the MAC Costs by Code and MAC Random Moment Time Summary (RMTS) reports to the total payroll recorded on the COG's IHAC Expense detail report (by quarter for 2010).

We found no differences exceeding 1%.

3. We compared ancillary costs on the Roll up Report for the Ohio Department of Job and Family Services to Lines 6-10 of the *MAC Reconciliation Worksheet*.

We found differences as reported in Appendix A.



We did not receive a response from officials to the exceptions noted above.

This report is intended solely for the use of the managements of the DODD, the Ohio Department of Job and Family Services, the Centers for Medicare and Medicaid Services and the Clearwater Council of Government; however, this report is a matter of public record under Section 149.43, Revised Code and its distribution is not limited.

Sincerely,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost  
Auditor of State

April 23, 2012

cc: Nancy Richards, Executive Director, Clearwater COG  
Amy Rife, Director of Fiscal Operations, Clearwater COG  
Dee Zeffiro-Krenisky, Board President, Clearwater COG

**Appendix A**  
**Clearwater Council of Government**  
**2010 Income and Expenditure Report and County Summary Workbook Adjustments**

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
<b>Clearwater Council of Government Income and Expenditure Report</b>				
<b>Worksheet 2</b>				
1. Salaries	\$ 99,133	\$ (55,615)	\$ 43,518	To reclassify QA, QA-RN to WS 9 and MUI salary to WS 5
4. Other Expenses	\$ 110,185	\$ (8,969)	\$ 101,216	To reclassify QA salary to WS 9 of the County Summary WB's
<b>MAC Reconciliation Worksheet</b>				
<b>Lines (6-10) Other Cost</b>				
Column A-Reimbursement Requested Through Calendar Year	\$ 12,624	\$ 12,766	\$ 25,390	To correct MAC Ancillary costs for 2010
<b>Crawford County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 2,931	\$ 2,931	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 9,943	\$ 4,177	\$ 14,120	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 13,040	\$ (1,457)	\$ 11,583	To reclassify client survey expense
<b>Erie County</b>				
<b>Worksheet 5</b>				
15. COG Expense (L) Community Residential	\$ -	\$ 7,143	\$ 7,143	To reclassify behavior support expense
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 20,183	\$ 7,542	\$ 27,725	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 8,600	\$ (7,143)	\$ 1,457	To reclassify behavior support expense
		\$ (1,457)	\$ -	To reclassify client survey expense
<b>Huron County</b>				
<b>Worksheet 5</b>				
15. COG Expense (L) Community Residential	\$ -	\$ 30,731	\$ 30,731	To reclassify behavior support expense
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 2,931	\$ 2,931	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 13,057	\$ 5,200	\$ 18,257	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 82,188	\$ (1,457)	\$ 80,731	To reclassify behavior support expense
		\$ (30,731)	\$ 50,000	To reclassify client survey expense
<b>Marion County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 4,031	\$ 4,031	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 21,268	\$ 7,899	\$ 29,167	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 17,707	\$ (1,457)	\$ 16,250	To reclassify client survey expense
<b>Morrow County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 2,931	\$ 2,931	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 5,711	\$ 1,877	\$ 7,588	To allocate QA salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 1,457	\$ (1,457)	\$ -	To reclassify client survey expense
<b>Ottawa County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ 2,563	\$ 3,624	\$ 6,187	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 22,108	\$ 8,175	\$ 30,283	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,458	\$ 1,458	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 21,458	\$ (1,458)	\$ 20,000	To reclassify client survey expense
<b>Sandusky County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 2,931	\$ 2,931	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ -	\$ 910	\$ 910	To allocate QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,458	\$ 1,458	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 1,458	\$ (1,458)	\$ -	To reclassify client survey expense
<b>Seneca County</b>				
<b>Worksheet 5</b>				
15. COG Expense (L) Community Residential	\$ 7,221	\$ 2,432	\$ 9,653	To reclassify behavior support expense
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 9,258	\$ 3,952	\$ 13,210	To allocate QA & QA-RN salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,458	\$ 1,458	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursable	\$ 13,890	\$ (1,458)	\$ 12,432	To reclassify behavior support expense
		\$ (2,432)	\$ 10,000	To reclassify client survey expense
<b>Wyandot County</b>				
<b>Worksheet 5</b>				
15. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 2,931	\$ 2,931	To allocate MUI Salary
<b>Worksheet 9</b>				
26.Service & Support Administration (N) SSA	\$ 12,301	\$ 4,042	\$ 16,343	To allocate QA salary
<b>Worksheet 10</b>				
27. COG Expense (E) Facility Based Services	\$ -	\$ 1,457	\$ 1,457	To reclassify client survey expense
27. COG Expense (O) Non-Federal Reimbursement	\$ 430,822	\$ (392,611)	\$ 38,211	To remove transfers from Worksheet 10
		\$ (1,457)	\$ 36,754	To reclassify client survey expense



# Dave Yost • Auditor of State

**CLEARWATER COUNCIL OF GOVERNMENT**

**OTTAWA 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 3, 2012**