



**MID EAST OHIO REGIONAL COUNCIL OF GOVERNMENT**

**AGREED UPON PROCEDURES**

**FOR THE COST REPORTING PERIOD  
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**



**Dave Yost • Auditor of State**



**MID EAST OHIO REGIONAL COUNCIL OF GOVERNMENT**  
**TABLE OF CONTENTS**

<b>Title</b>	<b>Page</b>
Independent Accountants' Report .....	1
Appendix A: Income and Expenditure Report Adjustments – 2010.....	6

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## INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Halina Schroeder, Audit Chief  
Division of Fiscal Administration - Audit Office  
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 Mid East Ohio Regional Council of Government (MEORC 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 MEORC COG Trial Balance report.

We found no differences exceeding one percent of total assets of the MEORC COG Trial Balance report.

2. We compared all receipt and disbursement entries on the MEORC COG Trial Balance report to the MEORC COG General Ledger report.

We found no differences.

3. We compared all receipt and disbursement account totals on the MEORC COG General Ledger and Trial balance reports (accrual basis) to the 2010 MEORC Cost Reports Work Paper report (converted to the cash basis).

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<sup>1</sup> MEORC COG recorded receipts and disbursements on behalf of the county developmental disabilities boards (County Boards). MEORC COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Licking, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington.

We then compared all receipt and disbursement totals on the 2010 MEORC Cost Reports Work Paper report to MEORC COG's *Schedule A, Summary of Service Costs-By Program* worksheet of the COG cost report and Worksheets 2 through 10 and *Schedule C Income Report of the County Summary Workbooks*.

We found differences as reported in Appendix A.

4. We compared all receipt and disbursement account totals on the MEORC COG General Ledger and Trial Balance reports (accrual basis) to the *2010 MEORC Cost Reports Work Paper* report (converted to the cash basis). We then compared the total combined disbursements on the *2010 MEORC Cost Reports Work Paper* report to the total combined disbursements on the *Schedule A, Summary of Expenditures-By Program* worksheet of the COG cost report and the *County Summary Workbooks*.

We found no differences.

### **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 the 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 exceeding two percent of total revenues on *Schedule C Income Report* or greater than \$1,000.

2. We scanned MEORC Trial Balance and General Ledger reports to determine if any transfers were recorded on MEORC COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

We found no transfers that were reported on the COG's *Income and Expenditure Report* or the *County Summary Workbooks*.

### **Property, Depreciation, and Asset Verification Testing**

1. We compared 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 compared the COG's Depreciation Schedule for 2010 to *Worksheet 1, Capital Costs* of the COG Cost Report.

We found differences exceeding two percent of total depreciation costs on *Worksheet 1, Capital Costs* of the COG Cost Report as reported in Appendix A.

3. We scanned the MEORC COG's General Ledger report 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. We scanned 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. We compared the final 2009 Depreciation Schedule to the COG's 2010 Depreciation Schedule for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

We found no differences.

6. We haphazardly selected five assets from the COG's Depreciation Schedule and traced these assets to their physical location.

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

7. We haphazardly selected the lesser of 5 of the COG's fixed assets or 10 percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2010 and determined if their useful life agreed to the estimated useful lives prescribed in the 2008 American Hospital Association (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 one asset purchased in 2010, that will start being depreciated in 2011, was assigned a seven year useful life vs. a 10 year useful life prescribed in the AHA Asset Guide. We made the County Board aware of the discrepancy with the AHA Asset Guide for this asset.

8. We haphazardly selected the lesser of five percent or 20 disposed assets from the COG's 2010 list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. We also recalculated depreciation and any gain or loss applicable to 2010 for the disposed items based on their undepreciated basis and any proceeds received from the disposal of the assets to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We found differences as reported in Appendix A.

### **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 COG's 2010 Payroll Journal 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 no differences exceeding one percent.

2. DODD asked us to compare the total payroll costs on the COG's trial balance to total payroll costs on the COG 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 total payroll costs per the MEORC COG Trial Balance report to total payroll costs per the COG cost report and the *County Summary Workbooks*.

We found differences as reported in Appendix A.

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.

We compared total payroll costs per the COG's cumulative W-2 report to total payroll costs per the COG's Payroll Journal report.

We found no differences exceeding one percent.

4. We selected a haphazard sample of five employees and compared classification of the employees to entries on the COG 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 selected a sample of 60 non-payroll disbursements from the MEORC COG General Ledger report 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 were properly left off these reports in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

2. We scanned the MEORC COG General Ledger report 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 are not capitalized in accordance with the COG's capitalization policies.

We found no differences.

#### **Medicaid Administrative Claiming Testing**

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 costs recorded on the COG's payroll register.

We found no differences.



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 MEORC COG, DODD, the Ohio Department of Job and Family Services, the Centers for Medicare and Medicaid Services and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,

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

Dave Yost  
Auditor of State

June 21, 2012

cc: Tim Spitzer, Executive Director, MEORC COG  
Cathy Henthorn, Director of Financial Operations, MEORC COG  
Scott Brace, Board President, MEORC COG  
Superintendents of all Member County Boards of Developmental Disabilities  
Business Managers of all Member County Boards of Developmental Disabilities

**Appendix A**  
**Mid East Ohio Regional 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>Mid East Ohio Regional Council of Government Income and Expenditure Report</b>				
<b>Worksheet 1</b>				
5. Movable Equipment	\$ 7,699	\$ 414	\$ 8,113	To record loss on asset damaged in office fire.
6. Leases and Rental	\$ 17,200	\$ (17,200)	\$ -	To reclassify non capital expenditures to WS 2, Line 4
<b>Worksheet 2</b>				
1. Salaries	\$ 70,938	\$ (70,938)	\$ 90,726	To reclassify payroll to WS 2, Line 1 from WS 2, Line 4
		\$ 90,726	\$ 90,726	
4. Other Expenses	\$ 198,015	\$ 17,200	\$ 215,215	To reclassify non capital expenditures to WS 2, Line 4
		\$ 108,804	\$ 324,019	To reclassify non-Mac expenses to WS 2, Line 4
		\$ 54,672	\$ 378,691	To reclassify non-Mac expenses to WS 2, Line 4
		\$ (90,726)	\$ 287,965	To reclassify payroll to WS 2, Line 1 from WS 2, Line 4
		\$	\$ 287,965	
<b>Worksheet 4</b>				
4. Other Expenses (A) Mac Cost	\$ 108,804	\$ (108,804)	\$ -	To reclassify non-Mac expenses to WS 2, Line 4
4. Other Expenses (B) Non-Federal Reimbursable	\$ 54,672	\$ (54,672)	\$ -	To reclassify non-Mac expenses to WS 2, Line 4
<b>MAC Reconciliation Worksheet</b>				
Lines (6-10) Column A	\$ -	\$ 30,315	\$ 30,315	To record 2010 MAC Ancillary Costs
<b>Belmont County Board</b>				
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 5,061	\$ 5,061	To allocate MUI Salaries
<b>Carroll County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 550	\$ 4,865	\$ 5,415	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 2,637	\$ 2,637	To allocate MUI Salaries
<b>Coshocton County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 694	\$ 22,745	\$ 23,439	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 3,323	\$ 3,323	To allocate MUI Salaries
<b>Fairfield County Board</b>				
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 8,135	\$ 8,135	To allocate MUI Salaries
<b>Guernsey County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 560	\$ 18,670	\$ 19,230	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 2,660	\$ 2,660	To allocate MUI Salaries
<b>Harrison County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 252	\$ 6,548	\$ 6,800	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 1,206	\$ 1,206	To allocate MUI Salaries
<b>Hocking County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 632	\$ 2,280	\$ 2,912	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 3,027	\$ 3,027	To allocate MUI Salaries
<b>Holmes County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 669	\$ 4,374	\$ 5,043	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 3,204	\$ 3,204	To allocate MUI Salaries
<b>Jefferson County Board</b>				
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 3,665	\$ 3,665	To allocate MUI Salaries
<b>Knox County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 985	\$ 28,359	\$ 29,344	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 4,718	\$ 4,718	To allocate MUI Salaries

**Appendix A**  
**Mid East Ohio Regional 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>Licking County Board</b>				
Schedule A, Line 2				
Environmental Accessibility Adaptations	\$ -	\$ 11,280	\$ 11,280	To reclassify an environmental adaptation expenditure
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 2,547	\$ 330	\$ 2,877	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
14. Direct Services Column L Community Residential	\$ 278,885	\$ (11,280)	\$ 267,605	To reclassify an environmental adaptation expenditure
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 12,202	\$ 12,202	To allocate MUI Salaries
<b>Monroe County Board</b>				
Schedule A, Line 2				
Environmental Accessibility Adaptations	\$ -	\$ 3,700	\$ 3,700	To reclassify an environmental adaptation expenditure
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 234	\$ 3,148	\$ 3,382	To record Interest and ML Fees as NFR
		\$ 7,278	\$ 10,660	To reclassify State Admin Fees
<b>Worksheet 5</b>				
14. Direct Services Column L Community Residential	\$ 13,071	\$ (3,700)	\$ 9,371	To reclassify an environmental adaptation expenditure
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 1,123	\$ 1,123	To allocate MUI Salaries
<b>Morgan County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Columns (A-N)	* \$ 6,805	\$ 2,519	\$ 9,324	To reclassify indirect costs to WS 2
10. Indirect Costs Column O Non-Federal Reimbursable	\$ -	\$ 2,507	\$ 2,507	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
14. Direct Services Column L Community Residential	\$ 5,152	\$ 6,861	\$ 12,013	To record the proper expenditure total
<b>Muskingum County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 849	\$ 33,853	\$ 34,702	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 4,067	\$ 4,067	To allocate MUI Salaries
<b>Noble County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 150	\$ 3,238	\$ 3,388	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 721	\$ 721	To allocate MUI Salaries
<b>Perry County Board</b>				
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	* \$ 842	\$ 10,293	\$ 11,135	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 4,032	\$ 4,032	To allocate MUI Salaries
<b>Tuscarawas County Board</b>				
Schedule A, Line 2				
Environmental Accessibility Adaptations	* \$ -	\$ 3,500	\$ 3,500	To reclassify an environmental adaptation expenditure
<b>Worksheet 2</b>				
10. Indirect Costs Column O Non-Federal Reimbursable	\$ 1,123	\$ 19,307	\$ 20,430	To record Interest and ML Fees as NFR
<b>Worksheet 5</b>				
14. Direct Services Column L Community Residential	\$ 212,224	\$ (3,500)	\$ 208,724	To reclassify an environmental adaptation expenditure
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 5,380	\$ 5,380	To allocate MUI Salaries
<b>Washington County Board</b>				
<b>Worksheet 5</b>				
15. Direct Services Column O Non-Federal Reimbursable	\$ -	\$ 5,510	\$ 5,510	To allocate MUI Salaries

\* Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to Worksheet 1, Worksheet 2 of the COG Cost Report. Other county summary workbooks have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from Schedule B of the COG Cost Report.

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# Dave Yost • Auditor of State

MID EAST OHIO REGIONAL COUNCIL OF GOVERNMENT

KNOX 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  
JULY 12, 2012