



Dave Yost • Auditor of State

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Union County Council of Governments
Union County
233 West Sixth Street
Marysville, Ohio 43040

To the Governing Board:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Union County Council of Governments, Union County, Ohio (the Council) as of and for the years ended December 31, 2013 and 2012.

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 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 opinion.

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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or 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 of Union County Council of Governments, Union County as of December 31, 2013 and 2012, and its cash receipts and disbursements 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 July 18, 2014, 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.



Dave Yost
Auditor of State
Columbus, Ohio

July 18, 2014

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

Cash Receipts	<u>\$ -</u>
Cash Disbursements	
Contracts	<u>218,471</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(218,471)</u>
Other Financing Receipts	
Debt Proceeds	<u>207,766</u>
<i>Total Other Financing Receipts</i>	<u>207,766</u>
<i>Net Change in Fund Cash Balance</i>	(10,705)
<i>Fund Cash Balance, January 1</i>	<u>154,800</u>
Fund Cash Balance, December 31	
Assigned	132,095
Unassigned	<u>12,000</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 144,095</u></u>

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

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash Receipts	
Membership Contributions	<u>\$ 12,000</u>
Cash Disbursements	
Contracts	<u>113,000</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(101,000)</u>
Other Financing Receipts	
County Loan	<u>255,800</u>
<i>Total Other Financing Receipts</i>	<u>255,800</u>
<i>Net Change in Fund Cash Balance</i>	154,800
<i>Fund Cash Balance, January 1</i>	<u>-</u>
Fund Cash Balance, December 31	
Assigned	142,800
Unassigned	<u>12,000</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$ 154,800</u></u>

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

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Union County Council of Governments (Council), Union County is a body politic and corporate established on January 26, 2012 for the purpose of exercising the rights and privileges conveyed to through Ohio Rev. Code Chapter 167 and the Articles of the Council created.

The purpose of the Council is to foster cooperative agreements and shared services by coordinating and integrating data processing services among its members.

The Council consists of representatives of each of the Members to the Agreement:

- a. The Superintendent of the Marysville Exempted Village School District or his or her designee
- b. The Mayor of the City of Marysville or his or her designee
- c. The President of the Board of Union County Commissioners or another commissioner as may be designated by that Board

Each member may appoint one or more alternative Governing Board members, who may serve on the Governing Board upon the absence, illness, resignation or unavailability of the board member.

Admittance of additional members to the Council will require unanimous approval of the members taken at a lawful public meeting.

B. Basis of Accounting

These financial statements follow the basis of accounting 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

C. Deposits and Investments

Union County, a member, is the fiscal agent for the Council and holds the Council deposits. The County holds the Council's assets in its investment pool, valued at the County's reported carrying amount.

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its fund into the following type:

General Fund

The General Fund accounts for all financial resources not accounted for and reported in another fund.

E. Fund Balance

For December 31, 2013 and 2012, 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.

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 Council Members can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council Members 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 Members 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.

**UNION COUNTY COUNCIL OF GOVERNMENTS
UNION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Balance (continued)

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amount 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 not 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.

2. DEBT

County Loan:

In 2012 the Council received loan proceeds from the Union County Commissioners (the County). No formal written agreement existed between the County and the Council requiring repayment in a specific time frame. As of December 31, 2013 the entire loan amount of \$255,800 was still outstanding.

Promissory Note:

In 2012 the Council was recipient of a Local Government Innovation Fund (LGIF) Loan from the Ohio Development Services Agency. The loan is interest-free and was approved for a maximum amount of \$400,000; the overall project requires the Council to make matching cash contributions of \$62,864 and in-kind contributions of \$58,144. As of December 31, 2013, \$207,766 had been borrowed. A final amortization schedule is not yet available, but the first payment to the Ohio Development Services Agency will be due twelve months following the final disbursement of loan funds to the Council.

3. RISK MANAGEMENT

The Council contracts with the County Risk Sharing Authority (CORSA) for General Liability and Errors and Omissions coverage.

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Dave Yost • Auditor of State

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

Union County Council of Governments
Union County
233 West Sixth Street
Marysville, Ohio 43040

To the Governing Board:

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 Union County Council of Governments, Union County, Ohio (the Council) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 18, 2014, 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 opinion 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 communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

July 18, 2014



Dave Yost • Auditor of State

UNION COUNTY COUNCIL OF GOVERNMENTS

UNION 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
SEPTEMBER 02, 2014**