



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Southern Ohio Council of Governments
Ross County
27 W. Second Street, Suite 202
Chillicothe, Ohio 45601

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Southern Ohio Council of Governments, Ross County, Ohio (the Council) as of and for the years ended December 31, 2019 and 2018.

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 such 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 opinions.

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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2019 and 2018, and the respective 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, receipts and disbursements by fund type, and related notes of the Southern Ohio Council of Governments, Ross County as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 9 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2020, 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.



Keith Faber
Auditor of State

Columbus, Ohio

September 21, 2020

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019**

Cash Receipts:

Charges for Services	\$ 1,181,751
MAC and RMTS Reimbursement	393,102
Early Intervention Project	174,779
Grant	20,000
Investment Income	16,088
Other Revenue	<u>1,814</u>
Total Cash Receipts	<u>1,787,534</u>

Cash Disbursements:

Wages and Benefits	1,479,324
Purchased Services	146,619
Supplies and Materials	26,165
Rent	25,200
Insurance	13,156
Travel and Training	45,104
Equipment	5,410
Miscellaneous	<u>6,192</u>
Total Cash Disbursements	<u>1,747,170</u>

Total Cash Receipts Over Cash Disbursements 40,364

Fund Cash Balances, January 1 1,341,316

Fund Cash Balances, December 31
Committed 192,626
Unassigned 1,189,054

Fund Cash Balances, December 31 \$ 1,381,680

See accompanying notes

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Operating Cash Receipts:	
Member Contributions	\$ 48,584
Total Operating Cash Receipts	<u>48,584</u>
Operating Cash Disbursements:	
Purchased Services	788,547
Total Operating Cash Disbursements	<u>788,547</u>
Total Receipts Over (Under) Disbursements	<u>(739,963)</u>
Non-Operating Cash Receipts (Disbursements):	
Earnings on Investments	35,961
Net Investment/Return of Funds from Members	808,807
Total Non-Operating Cash Receipts (Disbursements)	<u>844,768</u>
Net Change in Fund Cash Balances	104,805
Fund Cash Balances, January 1	<u>3,019,334</u>
Fund Cash Balances, December 31	<u>\$ 3,124,139</u>

See accompanying notes

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Southern Ohio Council of Governments, Ross County, Ohio, (the “Council”), was formed in March 1996 and began services in March 1997. The Council was created by Superintendents of County Boards of Developmental Disabilities in southern Ohio. The Council is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by law pursuant to Ohio Rev. Code Section 167.01. The Council’s governing body, the Board of Directors, is comprised of a member from each of the fifteen participating County Developmental Disabilities Boards. The participating Counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton.

The Council offers the following services to participating Counties: administrative and fiscal services; behavior support services, medication administration quality assessment reviews, investigative agent services, provider compliance reviews, provider billing, human resources coordination services, supported living services, family support services, representative payee services, and training/presentation services. The Council also serves as fiscal agent to various members.

The Council’s management believes these financial statements present all activities for which the Council is financially accountable.

Basis of Presentation

These financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the general fund and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Cash and Cash Equivalents

The Council's cash and cash equivalents consist of noninterest-bearing checking accounts and certificates of deposit. Certificates of deposit are valued at cost. Interest income is recognized when the certificates mature.

**Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019**

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Council's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Council disburses these funds as directed by the individual, organization or other government. The Council's agency funds reflect transactions made on behalf of member County boards.

Budgetary Process

The Ohio Revised Code does not require the Council to budget annually. However, management prepares a budget for internal monitoring.

Capital Assets

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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:

- ***Nonspendable*** The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
- ***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.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Summary of Significant Accounting Policies (continued)

- **Committed** Governing Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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.
- **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 Council Board or official delegated that authority by resolutions, or by State Statute.
- **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.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts 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 be used.

Note 2 –Deposits and Investments

The Council maintains several bank and investment accounts. The carrying amount of deposits and investments at December 31, 2019 was as follows:

Demand deposits	\$ 2,205,819
Total Deposits	2,205,819
Certificates of deposit	2,300,000
Total Investments	2,300,000
Total Deposits and Investments	<u>\$ 4,505,819</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The certificates of deposit were held at The Huntington Investment Co., whose accounts are carried with National Financial Services, LLC (NFS). Accounts were protected by the Securities Investor Protection Corporation (SIPC) in the event of the broker's financial failure. If a U.S. broker-dealer fails, SIPC funds are available to clients to make up for any shortfall in client assets that the broker-dealer was required to maintain up to a maximum of \$500,000 per client for securities, and inclusive of up to \$250,000 per client for cash. NFS also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value for securities.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Defined Benefit Pension Plan

The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer defined benefit pension plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2019.

Note 4- Postemployment Benefits

OPERS

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2019.

Deferred Compensation

Council employees have the option of participating in the Ohio Public Employees Deferred Compensation Program created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon are not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered "made available" just because a trust, custodial account or annuity contract holds these amounts.

Note 5- Risk Management

The Council has obtained commercial comprehensive general liability and professional insurance. The Council also provides health insurance, dental, basic life insurance and vision coverage to full-time employees. A bond has also been obtained to cover the liability of providing payee services.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 –Leases

The Council is utilizing a copier and office space through operating lease agreements. The Council disbursed \$29,242 to pay lease costs for the year ended December 31, 2019. Future lease payments under the lease are as follows:

	Copier	Office Space		Total
2020	3,368	25,200		28,568
2021	-	10,500	▼	10,500
2022	-	-	▼	-
2023	-	-	▼	-
2024	-	-	▼	-
Thereafter	-	-		-
	\$ 3,368	\$ 35,700		\$ 39,068

Note 7- Member Cash and Investment Balances

Fund integrity in the Council accounting records reflects an agency fund to each County member. The fund cash balances of the County members as reflected in agency funds were as follows at December 31, 2019:

Adams	\$ 63,661
Brown	13,743
Clinton	2,400,225
Fayette	86,979
Gallia	182,225
Highland	69,003
Pike	52,167
Pooled Account for I/O Waiver	255,642
	3,123,645
Advocacy Group	494
	\$ 3,124,139

Clinton County's balance includes certificates of deposit totaling \$1,400,000.

Note 8- Contingent Liabilities

Amounts state agencies pay to the Council are subject to audit and adjustment. The state agencies may require refunding any disallowed costs. Management cannot presently determine amounts that state agencies may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Subsequent Event- Coronavirus Pandemic

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. The Council's investment portfolio and the investments of the pension and other employee benefit plan in which the Council participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2018**

Cash Receipts:	
Charges for Services	\$ 1,252,213
MAC and RMTS Reimbursement	409,957
Early Intervention Project	258,358
Investment Income	16,088
Other Revenue	<u>8,466</u>
Total Cash Receipts	<u>1,945,082</u>
Cash Disbursements:	
Wages and Benefits	1,642,443
Purchased Services	124,259
Supplies and Materials	16,938
Rent	25,200
Insurance	12,098
Travel and Training	57,434
Equipment	12,281
Miscellaneous	<u>7,119</u>
Total Cash Disbursements	<u>1,897,772</u>
Total Cash Receipts Over Cash Disbursements	47,310
Fund Cash Balances, January 1	<u>1,294,006</u>
Fund Cash Balances, December 31	
Committed	275,000
Unassigned	<u>1,066,316</u>
Fund Cash Balances, December 31	<u><u>\$ 1,341,316</u></u>

See accompanying notes

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS
ROSS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Operating Cash Receipts:	
Member Contributions	█ \$ 432,138
Total Operating Cash Receipts	<u>432,138</u>
 Operating Cash Disbursements:	
Purchased Services	█ <u>1,334,726</u>
Total Operating Cash Disbursements	<u>1,334,726</u>
Total Receipts Over (Under) Disbursements	<u>(902,588)</u>
 Non-Operating Cash Receipts (Disbursements):	
Earnings on Investments	35,842
Net Investment/Return of Funds from Members	█ 513,207
Total Non-Operating Cash Receipts (Disbursements)	█ <u>549,049</u>
Net Change in Fund Cash Balances	█ (353,539)
Fund Cash Balances, January 1	<u>3,372,873</u>
Fund Cash Balances, December 31	<u><u>\$ 3,019,334</u></u>

See accompanying notes

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Summary of Significant Accounting Policies

Reporting Entity

Southern Ohio Council of Governments, Ross County, Ohio, (the “Council”), was formed in March 1996 and began services in March 1997. The Council was created by Superintendents of County Boards of Developmental Disabilities in southern Ohio. The Council is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by law pursuant to Ohio Rev. Code Section 167.01. The Council’s governing body, the Board of Directors, is comprised of a member from each of the fifteen participating County Developmental Disabilities Boards. The participating Counties include: Adams, Athens, Brown, Clinton, Fayette, Gallia, Highland, Jackson, Lawrence, Meigs, Pickaway, Pike, Ross, Scioto and Vinton.

The Council offers the following services to participating Counties: administrative and fiscal services; behavior support services, medication administration quality assessment reviews, investigative agent services, provider compliance reviews, provider billing, human resources coordination services, supported living services, family support services, representative payee services, and training/presentation services. The Council also serves as fiscal agent to various members.

The Council’s management believes these financial statements present all activities for which the Council is financially accountable.

Basis of Presentation

These financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for the general fund and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

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 disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Cash and Cash Equivalents

The Council's cash and cash equivalents consist of noninterest-bearing checking accounts and certificates of deposit. Certificates of deposit are valued at cost. Interest income is recognized when the certificates mature.

**Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018**

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Council's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Council disburses these funds as directed by the individual, organization or other government. The Council's agency funds reflect transactions made on behalf of member County boards.

Budgetary Process

The Ohio Revised Code does not require the Council to budget annually. However, management prepares a budget for internal monitoring.

Capital Assets

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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:

- Nonspendable – The Council classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

**Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018**

Note 1 – Summary of Significant Accounting Policies (continued)

- 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.
- Committed – Trustees can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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.
- 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 Council Board or official delegated that authority by resolutions, or by State Statute.
- 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.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts 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 be used.

Note 2 –Deposits and Investments

The Ohio Revised Code and the Council’s investment policy prescribes eligible investments. The carrying amount of deposits and investments at December 31, 2018 was as follows:

Demand deposits	\$ 1,460,650
Total Deposits	<u>1,460,650</u>
Certificates of deposit	<u>2,900,000</u>
Total Investments	<u>2,900,000</u>
Total Deposits and Investments	<u>\$ 4,360,650</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 –Deposits and Investments (continued)

Investments

The certificates of deposit were held at The Huntington Investment Co., whose accounts are carried with National Financial Services, LLC (NFS). Accounts were protected by the Securities Investor Protection Corporation (SIPC) in the event of the broker's financial failure. If a U.S. broker-dealer fails, SIPC funds are available to clients to make up for any shortfall in client assets that the broker-dealer was required to maintain up to a maximum of \$500,000 per client for securities, and inclusive of up to \$250,000 per client for cash. NFS also has arranged for coverage above these limits. Neither coverage protects against a decline in the market value for securities.

Note 3 – Defined Benefit Pension Plan

The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer defined benefit pension plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2018.

Note 4- Postemployment Benefits

OPERS

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2018.

Deferred Compensation

Council employees have the option of participating in the Ohio Public Employees Deferred Compensation Program created in accordance with the Internal Revenue Code Section 457. Under this program, employees elect to have a portion of their pay deferred until a future time. According to this plan, the deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The deferred pay and any income earned thereon are not subject to income tax until actually received by the employee. All amounts of compensation deferred under the plan, all property or rights (until paid or made available to the employee or other beneficiary) must be held in a trust, custodial account, or annuity contract for the exclusive benefit of plan participants and their beneficiaries. Deferred amounts from the plan are not considered "made available" just because a trust, custodial account or annuity contract holds these amounts.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 –Leases

The Council is utilizing a copier and office space through operating lease agreements. The Council disbursed \$29,242 to pay lease costs for the year ended December 31, 2018. Future lease payments under the lease are as follows:

	Copier	Office Space	Total
2019	4,042	25,200	29,242
2020	3,368	25,200	28,568
2021	-	10,500	10,500
2022	-	-	-
2023	-	-	-
Thereafter	-	-	-
	\$ 7,410	\$ 60,900	\$ 68,310

Note 6- Risk Management

The Council has obtained commercial comprehensive general liability and professional insurance. The Council also provides health insurance, dental, basic life insurance and vision coverage to full-time employees. A bond has also been obtained to cover the liability of providing payee services.

Note 7- Member Cash and Investment Balances

Fund integrity in the Council accounting records reflects an agency fund to each County member. The fund cash balances of the County members as reflected in agency funds were as follows at December 31, 2018:

Participating Members (County)	
Adams	\$ 63,661
Brown	15,896
Clinton	2,364,455
Fayette	86,979
Gallia	163,453
Highland	62,595
Pike	5,245
Pooled Account for I/O	256,641
	3,018,925
Advocacy Group	409
	\$ 3,019,334

Clinton County's balance includes certificates of deposit totaling \$2,000,000.

Southern Ohio Council of Governments, Ross County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8- Contingent Liabilities

Amounts state agencies pay to the Council are subject to audit and adjustment. The state agencies may require refunding any disallowed costs. Management cannot presently determine amounts that state agencies may disallow. However, based on prior experience, management believes any refunds would be immaterial.

OHIO AUDITOR OF STATE KEITH FABER



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

Southern Ohio Council of Governments
Ross County
27 W. Second Street, Suite 202
Chillicothe, Ohio 45601

To the Board of Directors:

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 cash balances, receipts, and disbursements by fund type of the Southern Ohio Council of Governments, Ross County, (the Council) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2020, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

September 21, 2020

OHIO AUDITOR OF STATE KEITH FABER



SOUTHERN OHIO COUNCIL OF GOVERNMENTS

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov