



Mary Taylor, CPA
Auditor of State

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

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Mary Taylor, CPA
Auditor of State

Fairways Regional Council of Governments
Greene County
245 Valley Road
Xenia, Ohio 45385

To the Members of Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 9, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Fairways Regional Council of Governments
Greene County
245 Valley Road
Xenia, Ohio 45385

To the Members of Council:

We have audited the accompanying financial statements of Fairways Regional Council of Governments, Greene County, (the Council) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of the Fairways Regional Council of Governments, Greene County, as of December 31, 2009 and 2008, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 9, 2010

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Type
	General
Cash Receipts:	
Ohio Department of Developmental Disabilities	\$1,341,291
County Contribution	346,219
Local Sources	40,730
Earnings on Investments	7,182
Miscellaneous	255
Total Support and Revenues	1,735,677
Cash Disbursements:	
Contracts-Services	449,719
Supplies	121,744
Utilities	4,724
Repairs and Services	60,151
Transportation	2,208
Medical Fees	33,949
Respite	115,202
IBIP Project	20,937
Insurance	410
Travel and Training	4,887
Equipment	17,306
Rent Subsidy	43,539
10% Administrative Fees	18,915
Waiver Match	761,184
Bank Charges	4,934
Capital Outlay	115,547
Other Expenses	34,307
Total Cash Disbursements	1,809,663
Total Cash Receipts (Under) Cash Disbursements	(73,986)
Fund Cash Balance, January 1	2,811,450
Fund Cash Balance, December 31	\$2,737,464

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

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Type
	General
Cash Receipts:	
Ohio Department of Developmental Disabilities	\$1,808,552
County Contribution	349,129
Local Sources	29,864
Earnings on Investments	54,715
Total Support and Revenues	2,242,260
 Cash Disbursements:	
Contracts-Services	423,562
Supplies	130,385
Utilities	6,053
Repairs and Services	35,676
Professional Services	16,466
Medical Fees	46,208
Respite	58,054
IBIP Project	14,822
Family Night Out	6,195
Summer Camp	63,632
Travel and Training	7,575
Equipment	30,079
Rent Subsidy	67,254
Transportation	3,977
10% Administrative Fees	29,697
Waiver Match	658,966
Bank Charges	3,566
Printing and Advertising	1,000
Capital Outlay	620,243
Other Expenses	134,554
Total Cash Disbursements	2,357,964
Total Cash Receipts (Under) Cash Disbursements	(115,704)
Fund Cash Balance, January 1	2,927,154
Fund Cash Balance, December 31	\$2,811,450

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

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Fairways Regional Council of Governments, Greene County, (the Council) as a body corporate and politic. The Council commenced operations on July 1, 1998. A three member Executive Committee governs the Council. The Executive Committee consists of the Superintendents of the member County Boards of Mental Retardation and Developmental Disabilities (MRDD) serving as president, vice-president, and secretary/treasurer. The participating subdivisions are: Champaign, Greene, and Madison counties.

The Council provides a financial function for its members. It deposits money for each member and funds deposited are eligible to accrue interest which is credited to each program. The Council also pays for authorized Supported Living (Homemaker Personal Care), Family Support Services, and other related services to and for persons with mental retardation and developmental disabilities enrolled in its member boards.

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

B. Accounting Basis

These financial statements follow the accounting basis 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.

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

C. Cash and Investments

The Council has no investments.

D. Fund Accounting

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

1. General Fund

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

E. Budgetary Process

The Council is not subject to the budgetary requirements of Chapter 5705 of the Ohio Revised Code.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. However, currently the Council has no property, plant, or equipment.

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

2. EQUITY IN POOLED CASH

The Council maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$2,737,464</u>	<u>\$2,811,450</u>
Total deposits	<u>\$2,737,464</u>	<u>\$2,811,450</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Employee Dishonesty



Mary Taylor, CPA

Auditor of State

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

Fairways Regional Council of Governments
Greene County
245 Valley Road
Xenia, Ohio 45385

To the Members of Council:

We have audited the financial statements of the Fairways Regional Council of Governments, Greene County, (the Council) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 9, 2010, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-002.

We also noted a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated April 9, 2010.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Council's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, the Council, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 9, 2010

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness - Financial Statement Reclassifications

The Council prepares its annual financial statements in accordance with accounting practices the Auditor of State prescribes or permits. The Council's Annual Financial Report for 2009 and 2008 contained errors which resulted in several reclassifications and adjustments to correctly report the financial activity during and at the end of the periods as follows:

- In 2009 and 2008, the Council reported contributions from Madison County in the amounts of \$192,568 and \$112,675, respectively, as Ohio Department of Developmental Disabilities (ODODD) revenues. These receipts should have been reported as County Contribution revenues. These reclassifications were 11% and 5% of total revenues for each year respectively;
- In 2009 and 2008, the Council reported the purchase of group homes in the amounts of \$115,547 and \$620,243, respectively, as other expenditures. These expenditures should have been reported as Capital Outlay. These reclassifications were 6% and 26% of total expenditures respectively;
- In 2009, the Council reported contributions from Champaign County in the amount of \$77,281 as local sources revenue. These receipts should have been reported as County Contribution revenues; and
- In 2009 the Council reported a reimbursement from a service provider in the amount of \$18,810 as local source revenue. This should have been reported as a reduction of contract service expenditure. This error resulted in an overstatement of receipts and disbursements.

Adjustments to correct the significant classification errors above are reflected in the accompanying financial statements.

The errors noted identified above could cause inaccurate reporting to the Ohio Department of Development Disabilities, the Champaign, Greene and Madison County MRDD Boards and to other users of financial information provided by the Council. The Council should implement procedures to review the classification of revenues and expenditures on the annual financial report.

Official's Response:

The COG accepts the recommendations of the Auditor of State concerning recording receipts and disbursements. Receipts received from member County Boards will be recorded as County Contributions, even if the funds come directly from the Ohio Department of Developmental Disabilities. Reimbursements for services provided in the same year will be recorded as a reduction of expenditures.

FINDING NUMBER 2009-002

Noncompliance

Article II of the Council's By-Laws, states in part, that meetings of members shall be held once each month or as determined by a majority of members, at a location and time determined by the members at the preceding meeting. Additionally **Article III of the Council's By-Laws** requires an organizational meeting be held in January of each year to elect the officers of the Council (President, Vice President, and Secretary/Treasurer).

**FINDING NUMBER 2009-002
(Continued)**

In addition, **Ohio Rev. Code Section 121.22(F)** requires that all meetings of any public body are to be open to the public at all times. Every public body shall, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings.

The Council did not hold any of the required monthly meetings, including the required January organizational meeting to elect the officers during 2009 and 2008.

In order to provide for transparency and be in compliance with the aforementioned By-Laws, the Council should implement procedures to hold the required monthly meetings to including the annual January Organizational meeting.

Official's Response:

The COG officers met on March 26, 2010, to elect officers and amend the bylaws. Meetings are now to be held annually as determined by a majority of the members. Officers now serve terms of four years and elections will be held at the annual meeting. The term "executive committee" was also eliminated from the bylaws.



Mary Taylor, CPA
Auditor of State

FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS

GREENE 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 13, 2010**