



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2000 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999 .....	5
Notes to the Financial Statements .....	7
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

**THIS PAGE INTENTIONALLY LEFT BLANK**



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Directors  
Southern Ohio Council of Governments  
Ross County  
43 North Paint Street  
Chillicothe, Ohio 45601

To the Board of Directors:

We have audited the accompanying financial statements of the Southern Ohio Council of Governments, Ross County, Ohio (the Council) as of and for the years ended December 31, 2001, December 31, 2000, and December 31, 1999. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Southern Ohio Council of Governments, Ross County, Ohio as of December 31, 2001, December 31, 2000, and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

March 23, 2002

**THIS PAGE INTENTIONALLY LEFT BLANK**

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental - Federal	\$0	\$115,052	\$115,052
Intergovernmental - State	243,670	1,882,669	2,126,339
Intergovernmental - Local	0	449,975	449,975
Earnings on Investments	23,813	159,149	182,962
Other Receipts	4,105	96,358	100,463
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	271,588	2,703,203	2,974,791
<b>Cash Disbursements:</b>			
Current:			
Provider Services	0	262,090	262,090
Rent	8,150	0	8,150
Room and Board	0	91,158	91,158
Specialized Residential Services	0	68,113	68,113
Travel and Training	0	14,904	14,904
Supported Living	0	1,897,454	1,897,454
Equipment	9,049	0	9,049
I/O Waiver	0	19,250	19,250
Administration	90,713	229,778	320,491
Professional Services	0	8,346	8,346
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	107,912	2,591,093	2,699,005
Total Receipts Over/(Under) Disbursements	163,676	112,110	275,786
<b>Other Financing Receipts/(Disbursements):</b>			
Loss on Sale of Callable Bonds	0	(5,355)	(5,355)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	163,676	106,755	270,431
Fund Cash Balances, January 1	274,199	3,064,202	3,338,401
<b>Fund Cash Balances, December 31</b>	<b><u>\$437,875</u></b>	<b><u>\$3,170,957</u></b>	<b><u>\$3,608,832</u></b>

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

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental - Federal	\$0	\$90,978	\$90,978
Intergovernmental - State	232,091	2,139,203	2,371,294
Intergovernmental - Local	0	518,679	518,679
Earnings on Investments	3,204	157,013	160,217
Other Receipts	0	162,395	162,395
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	235,295	3,068,268	3,303,563
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Provider Services	0	153,763	153,763
Rent	5,700	0	5,700
Room and Board	0	145,487	145,487
Specialized Residential Services	0	36,321	36,321
Travel and Training	0	8,003	8,003
Supported Living	0	1,554,451	1,554,451
Equipment	9,164	0	9,164
I/O Waiver	0	117,154	117,154
Administration	74,047	90,978	165,025
Professional Services	0	11,426	11,426
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	88,911	2,117,583	2,206,494
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	146,384	950,685	1,097,069
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	127,815	2,113,517	2,241,332
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$274,199</u></b>	<b><u>\$3,064,202</u></b>	<b><u>\$3,338,401</u></b>

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

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental - Federal	\$0	\$131,486	\$131,486
Intergovernmental - State	133,788	2,092,665	2,226,453
Intergovernmental - Local	0	40,067	40,067
Earnings on Investments	4,694	104,460	109,154
Other Receipts	0	22,733	22,733
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	138,482	2,391,411	2,529,893
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Provider Services	0	81,862	81,862
Rent	4,800	0	4,800
Room and Board	0	214,993	214,993
Specialized Residential Services	0	11,574	11,574
Travel and Training	0	5,330	5,330
Supported Living	0	908,549	908,549
Equipment	3,971	0	3,971
I/O Waiver	0	156,987	156,987
Administration	77,137	0	77,137
Professional Services	0	240,984	240,984
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	85,908	1,620,279	1,706,187
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	52,574	771,132	823,706
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	75,241	1,342,385	1,417,626
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$127,815</u></b>	<b><u>\$2,113,517</u></b>	<b><u>\$2,241,332</u></b>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**NOTE TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001, 2000, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Southern Ohio Council of Governments, Ross County, 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 and its member Boards. The Council's governing body, the Board of Directors, is comprised of a member from each of the thirteen participating County Mental Retardation and Developmental Disabilities Boards.

The participating Counties include: Adams, Athens, Brown, Fayette, Gallia, Highland, Jackson, Lawrence, Pickaway, Pike, Ross, Scioto, and Vinton.

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

**B. 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.

**C. Cash and Investments**

Investments are included in fund cash balances. Purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The purchase price is the carrying value of the investment

Corporate bonds are valued at cost. The money market mutual fund is valued at the share value reported by the fund.

**D Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds of specific sources that are legally restricted to expenditure for specific purposes.

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**NOTE TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001, 2000, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**F. Payroll and Fringe Benefits**

Southern Ohio Regional Council contracts with Automated Data Processing (ADP) for payroll services and fringe benefits options, including Public Employees Retirement System of Ohio (PERS). Southern Ohio Council determines the salary, fringe benefits, and other options it elects to provide and notifies the Board.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Council maintains a cash and investment pool used by all funds. The Council by laws prescribe eligible investments. The carrying amount of cash and investments at December 31 was as follows:

	2001	2000	1999
Money Market	\$2,586,275	\$2,010,040	\$1,312,763
Certificates of deposit	<u>335,000</u>	<u>663,000</u>	<u>278,000</u>
Total deposits	<u>2,921,275</u>	<u>2,673,040</u>	<u>1,590,763</u>
Corporate Bonds (at cost)			
	<u>687,557</u>	<u>665,361</u>	<u>650,569</u>
Total investments	<u>687,557</u>	<u>665,361</u>	<u>650,569</u>
Total deposits and investments	<u><u>\$3,608,832</u></u>	<u><u>\$3,338,401</u></u>	<u><u>\$2,241,332</u></u>

The corporate bonds' fair value was \$676,970, \$540,654, and \$456,841 at December 31, 2001, 2000, and 1999,

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**NOTE TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001, 2000, 1999  
(Continued)**

**3. MEMBER AND GENERAL OPERATING CASH BALANCES**

Fund integrity in the Council accounting records reflected a special revenue fund for each county member and the Council general operating fund follows:

Participating Members (County)	2001	2000	1999
Adams	\$114,968	\$88,370	\$0
Athens	2,044,395	2,033,183	1,759,312
Gallia	243,525	166,552	95,707
Fayette	300,229	82,597	57,055
Pike	304,452	107,294	0
Pickaway	34,505	81,326	0
Scioto	128,883	504,880	201,443
<b>Total County Funds</b>	<b>\$3,170,957</b>	<b>\$3,064,202</b>	<b>\$2,113,517</b>
General Operating Fund	437,875	274,199	127,815
<b>Total Cash Balance At 12/31/01</b>	<b>\$3,608,832</b>	<b>\$3,338,401</b>	<b>\$2,241,332</b>

**4. RETIREMENT SYSTEMS**

The Council's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, 2000 and 1999 members of PERS contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% from July 1, 2000 through December 31, 2000. The Council has paid all contributions required through December 31, 2001.

**SOUTHERN OHIO COUNCIL OF GOVERNMENTS  
ROSS COUNTY**

**NOTE TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001, 2000, 1999  
(Continued)**

**4. RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal years 2001, 2000, and 1999, the Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

The Council also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**5. CONTINGENCIES**

**A. Grants**

The Council receives significant financial assistance from State and Local Boards of MR/DD in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Council.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street  
Columbus, Ohio 43215  
Telephone 614-466-3402  
800-443-9275  
Facsimile 614-728-7199  
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED  
BY GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Southern Ohio Council of Governments  
Ross County  
43 North Paint Street  
Chillicothe, Ohio 45601

To Members of the Board:

We have audited the accompanying financial statements of Southern Ohio Council of Governments, Ross County, Ohio (the Council), as of and for the years ended December 31, 2001, December 31, 2000, and December 31, 1999, and have issued our report thereon dated March 23, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated March 23, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated March 23, 2002.

Southern Ohio Council of Governments  
Ross County  
Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the management, the Board, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

March 23, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**SOUTHERN OHIO COUNCIL OF GOVERNEMENTS**

**ROSS 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 9, 2002**