



**Auditor of State
Betty Montgomery**

LICKING/RICHLAND COUNCIL OF GOVERNMENT
RICHLAND COUNTY

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Betty Montgomery**

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INDEPENDENT ACCOUNTANTS' REPORT

Licking/Richland Council of Government
Richland County
314 Cleveland Avenue
Mansfield, Ohio 44902

To the Members of Council:

We have audited the accompanying financial statements of Licking/Richland Council of Government, Richland County, Ohio, (the COG) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the COG's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the COG 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the COG as of December 31, 2002 and 2001, and its cash receipts and cash 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 February 3, 2003 on our consideration of the COG'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 audits.

This report is intended solely for the information and use of management, the Council 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.

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

Betty Montgomery
Auditor of State

February 3, 2003

**LICKING/RICHLAND COUNCIL OF GOVERNMENT
RICHLAND COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$1,147,995	\$1,472,429
Earnings on Investments	68,558	122,263
Miscellaneous	4,914	
Total Cash Receipts	1,221,467	1,594,692
Cash Disbursements:		
Current:		
Contractual Services	710,989	682,875
Miscellaneous	6,777	216
Total Cash Disbursements	717,766	683,091
Total Cash Receipts Over Cash Disbursements	503,701	911,601
Cash Balances, January 1	3,769,175	2,857,574
Cash Balances, December 31	\$4,272,876	\$3,769,175

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

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**LICKING/RICHLAND COUNCIL OF GOVERNMENT
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Licking/Richland Council of Government, Richland County, Ohio, (the COG) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The COG was officially formed on May 1, 1997, with financial operations commencing July 1, 1997. Eligibility for membership in the COG is limited to the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities. Each Board appoints its Superintendent to act as its representative at the COG meetings and for all COG business. The COG provides home maker, personal care, transportation and other related services to persons with mental retardation and developmental disabilities. These services are provided primarily through contracts with private agencies.

The COG's management believes these financial statements present all activities for which the COG 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 payment is made 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 the cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sale of investments are not recorded as receipts.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

D. Property, Plant and Equipment

The COG does not own any property, plant and equipment. Property, plant and equipment used by the COG are provided by the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities.

**LICKING/RICHLAND COUNCIL OF GOVERNMENT
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The COG is not required to follow budgetary procedures as prescribed by the Ohio Revised Code; however, the COG uses internal budgets for planning purposes which they adopt annually, except during 2002, the COG elected not to budget for receipts.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$2,934	\$5,397
STAR Ohio	4,269,942	3,763,778
Total deposits and investments	\$4,272,876	\$3,769,175

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and 2001 follows:

2002 Estimated vs. Actual Receipts		
Estimated Receipts	Actual Receipts	Variance
\$0	\$1,221,467	\$1,221,467

2002 Estimated vs. Actual Expenditures		
Estimated Expenditures	Actual Expenditures	Variance
\$859,065	\$717,766	\$141,299

2001 Estimated vs. Actual Receipts		
Estimated Receipts	Actual Receipts	Variance
\$820,492	\$1,594,692	\$774,200

**LICKING/RICHLAND COUNCIL OF GOVERNMENT
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Estimated vs. Actual Expenditures		
Estimated Expenditures	Actual Expenditures	Variance
\$686,726	\$683,091	\$3,635

4. RISK MANAGEMENT

The COG's has general liability coverage through the Licking and Richland County Boards of Mental Retardation and Developmental Disabilities.

5. RELATED PARTY TRANSACTIONS

Certain employees of the Licking and Richland Board of Mental Retardation and Developmental Disabilities provide services to the COG without charge. In addition, the COG has free use of office space owned by Richland County.

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

Licking/Richland Council of Government
Richland County
314 Cleveland Avenue
Mansfield, Ohio 44902

To the Members of Council:

We have audited the accompanying financial statements of the Licking/Richland Council of Government, Richland County, Ohio, (the COG) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 3, 2003. We conducted our audits 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 COG'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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the COG'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.

Licking/Richland Council of Government
Richland County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

February 3, 2003



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LICKING/RICHLAND COUNCIL OF GOVERNMENTS

RICHLAND 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
MARCH 11, 2003**