



Dave Yost • Auditor of State

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

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Dave Yost • 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 Council 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 6, 2012

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Dave Yost • 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, 2011 and 2010. 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.

Instead of the fund the accompanying financial statements present, GAAP require presenting entity wide statements. 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 governments 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, 2011 and 2010 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, 2011 and 2010, 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 combined fund cash balances as of December 31, 2011 and 2010 of Fairways Regional Council of Governments, Greene County and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Fairways Regional Council of Governments adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2012, 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.



Dave Yost
Auditor of State

August 6, 2012

**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, 2011**

	Governmental Fund Type
	General
Cash Receipts:	
Ohio Department of Developmental Disabilities	\$1,135,815
County Contribution	172,076
Local Sources	70,084
Earnings on Investments	1,704
Total Support and Revenues	1,379,679
Cash Disbursements:	
Supplies	105,043
Utilities	80
Contracts - Independent Contractors	48,917
Contracts - Summer Program	652
Contracts - Agencies	258,109
Repairs & Services	16,722
Professional Services	15,120
Medical Fees	22,515
Insurance	270
Respite	121,590
Transportation	3,790
Travel & Training	3,774
Printing & Advertising	18
Other Expenses	554
Dues & Subscriptions	398
Equipment	25,834
Capital Housing	35,185
Rent Subsidy	162,707
Administrative Expense	23,182
Waiver Match	663,874
Bank Service Charge	5,264
Total Cash Disbursements	1,513,598
Total Cash Receipts (Under) Cash Disbursements	(133,919)
Fund Cash Balance, January 1	2,879,101
Fund Cash Balance, December 31:	
Restricted	
Restricted for Champaign CBDD	917,160
Restricted for Greene CBDD	945,048
Restricted for Madison CBDD	810,474
Unassigned	72,500
Fund Cash Balance, December 31	\$2,745,182

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, 2010**

	Governmental Fund Type
	General
Cash Receipts:	
Ohio Department of Developmental Disabilities	\$1,689,768
County Contribution	382,125
Local Sources	118,778
Earnings on Investments	3,011
Total Support and Revenues	2,193,682
 Cash Disbursements:	
Supplies	90,067
Utilities	1,686
Contracts - Independent Contractors	71,195
Contracts - Summer Program	787
Contracts - Agencies	264,099
Contracts - Emergency	2,000
Repairs & Services	23,430
Professional Services	31,116
Medical Fees	23,254
Insurance	2,936
Respite	116,075
Transportation	4,516
Travel & Training	3,327
Printing & Advertising	25
Other Expenses	10,644
Dues & Subscriptions	1,671
Equipment	32,218
Capital Housing	605,526
Rent Subsidy	30,154
IBIP Project	10,672
Waiver Match	721,428
Bank Service Charge	5,219
Total Cash Disbursements	2,052,045
Total Cash Receipts (Under) Cash Disbursements	141,637
Fund Cash Balance, January 1	2,737,464
Fund Cash Balance, December 31	\$2,879,101

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, 2011 AND 2010**

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. Three Officers govern the Council. The Officers consists of the Superintendents of the member County Boards of Developmental Disabilities (CBDD) 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 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.

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

For December 31, 2011, 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. Non-spendable

The Council classifies assets as *non-spendable* 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 COG Officers can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Officers amend 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 or a Council official delegated that authority 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.

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.

G. 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, 2011 AND 2010
(Continued)**

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>2011</u>	<u>2010</u>
Demand deposits	<u>\$2,745,182</u>	<u>\$2,879,101</u>
Total deposits	<u>\$2,745,182</u>	<u>\$2,879,101</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

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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 Fairways Regional Council of Governments (the Council) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 6, 2012 wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the District adopted provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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 more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated August 6, 2012.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

August 6, 2012

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2011-001

NONCOMPLIANCE

Article II(a) of the Council's By-Laws states that meetings of members shall be held annually as determined by a majority of its members, at a location and time determined by the members preceding the meeting. Additionally, **Article III(a) of the Council's By-Laws** states in part, that election of officers shall occur at the annual meeting.

In addition, **Ohio Rev. Code Section 121.22(C) and (F)** require 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.

An Annual meeting was not held during 2011 and there was no indication that the general public was notified about the March 26, 2010 annual meeting.

In order to provide for transparency and be in compliance with the aforementioned By-Laws and Revised Code section, the Council should implement procedures to hold the required annual meetings and elect its officers. Additionally, the Council should provide adequate notice to the general public through news media to give an opportunity to the general public to attend the Council's meetings.

Official's Response: We will conduct a meeting this year and in following years

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Financial Statement Reclassifications	No	Partially corrected – repeated as management letter comment.
2009-002	Article II and III of the Council's by-laws – monthly and annual Council meetings	No	Repeated as finding 2011-001



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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
AUGUST 28, 2012**