



Dave Yost • Auditor of State

**FAIRWAYS COUNCIL OF GOVERNMENT
GREENE COUNTY**

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Independent Auditor's Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief
Division of Fiscal Administration, Audit Office
Ohio Department of Developmental Disabilities
30 E. Broad Street, 13th Floor
Columbus OH 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code § 5123.05, and as required by the *Application for a §1915(c) Home and Community Based Services Waiver*, Appendix I-2(c), the Auditor of State's Office has performed the procedures enumerated below, to which the Ohio Department of Developmental Disabilities (DODD) agreed. The purpose is to assist you in evaluating whether the Fairways Council of Government (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*¹ for the year ended December 31, 2012 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COGs and County Boards of Developmental Disabilities (Cost Report Guides) and to assist you in evaluating whether reported receipts and disbursements complied with 2 CFR 225 (OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments*), and other compliance requirements described in the procedures below. The Council of Government's management is responsible for preparing these reports. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards. The sufficiency of these procedures is solely the responsibility of DODD. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Revenue Testing

1. DODD requested us to compare the COG's receipts with those reported on *Schedule C Income Report* of the *County Summary Workbooks* and report variances exceeding two percent of total receipts on *Schedule C Income Report* or greater than \$1,000.

We compared amounts paid to the COG per the 2012 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C, Income Report* of the *County Summary Workbooks*.

We found no differences.

Trial Balance Analysis and Non-Payroll Expenditures Testing

1. DODD asked that we compare the COG's total assets to total liabilities plus equity on the Trial Balance report.

¹ Fairways COG recorded receipts and disbursements on behalf of the County Boards of Developmental Disabilities (County Boards). The COG prepared *County Summary Workbooks* to distribute these receipts and disbursements to each of the following County Boards: Champaign, Greene, and Madison.

The COG does not operate on the accrual basis of accounting, but uses the cash receipts and disbursements basis of accounting. Therefore, we were unable to compare assets to liabilities plus equity. However, we did compare the COG's beginning cash balance plus cash receipts less cash disbursements to the COG's ending cash balance on the Statement of Income and Expenses and the Receipts and Expenses for 2012 and footed these reports for accuracy.

2. DODD asked us to compare the COG's disbursements on the general ledger reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and report variances exceeding \$100 for total service contracts, other expenses and COG expenses on any worksheet.

We compared all service contracts, other expenses and COG expenses on *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the COG Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks* to disbursements on the COG's general ledger reports.

We found differences as reported in Appendix A.

3. DODD asked us to determine whether the COG's disbursements on the general ledger reports were properly classified within two percent of total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the COG Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and if these worksheets included disbursements over \$100 which are non-federal reimbursable under 2 CFR Appendix B.

We scanned the COG's general ledger reports for service contracts, other expenses and COG expense rows on worksheets 2 through 5 of the COG Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, and reviewed documentation to identify disbursements not classified according to the Cost Report Guides or costs which are non-federal reimbursable under 2 CFR 225 Appendix B.

We found differences as reported in Appendix A for misclassified costs and non-federal reimbursable costs

4. We haphazardly selected a sample of 60 non-payroll disbursements from the general ledger reports that were classified as total service contracts, other expenses or COG expenses on worksheets 2 through 5 of the COG Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*.

We determined if supporting documentation was maintained as required by 2 CFR 225 (OMB Circular A-87, Appendix A, (C)(1)(j)) and the disbursement was properly classified according to the Cost Report Guides.

We found differences as reported in Appendix A for misclassified and non-federal reimbursable costs.

5. We scanned the COG's general ledger reports for items purchased during 2012 that met the COG's capitalization criteria and traced them to inclusion on the COG's fixed asset listing.

We found no unrecorded purchases meeting the capitalization criteria.

Payroll Testing

1. DODD asked us to determine if employee salaries on the COG's payroll register and trial balance were within two percent of payroll costs reported on the COG Cost Report and the *County Summary Workbooks*.

We did not perform this procedure as the COG had no payroll expenses during 2012.

2. DODD asked us to select a haphazard sample of five employees and compare the COG's organizational chart/staffing/payroll journal and job descriptions if needed to the worksheet on the COG's Cost Report or the *County Summary Workbooks* in which each employee's salary and benefit costs were allocated to ensure the allocation is consistent with the Cost Report Guides. DODD asked us to report differences greater than two percent of the total wage and benefit of any worksheet affected.

We did not perform this procedure as the COG had no payroll expenses during 2012.

3. DODD asked us to scan the COG's payroll journal for 2012 and compare classification of employees to entries on the COG Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We did not perform this procedure as the COG had no payroll expenses during 2012.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's procedures regarding capitalization of fixed assets with the Cost Report Guides for preparing *Worksheet 1, Capital Costs* and 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2)).

We did not perform this procedure as the COG had no fixed assets during 2012.

2. DODD asked us to compare the COG's depreciation schedule to *Worksheet 1, Capital Costs* and report any variances exceeding \$100.

We did not perform this procedure as the COG had no fixed assets.

3. DODD asked us to scan the COG's depreciation schedule for 2012 for depreciation taken on the same asset more than once, assets that have been fully depreciated, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides.

We did not perform this procedure as the COG had no fixed assets.

4. DODD asked us to compare the COG's final 2012 depreciation schedule to the COG's 2011 depreciation schedules for changes in the depreciation amounts for assets purchased prior to the period under review which were not in compliance with the Cost Report Guides.

We did not perform this procedure as the COG had no fixed assets during 2012 or in the prior year.

5. DODD asked us to haphazardly select the lesser of five of the COG's assets or five percent of items which meet the COG's capitalization policy and are being depreciated in their first year in 2012 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD asked us to recalculate the first year's depreciation for these assets,

based on their cost, acquisition date and useful life to determine compliance with the Cost Report Guides.

We did not perform this procedure as the COG had no fixed assets.

6. DODD asked us to haphazardly select the lesser of five percent or 5 disposed assets in 2012 from the COG's list of disposed assets and determined if the asset was removed from the COG's fixed asset ledger. DODD also asked us to recalculate depreciation and any gain or loss applicable to 2011 for the disposed items based on its undepreciated basis and any proceeds received from the disposal or sale of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1.

We did not perform this procedure as the COG had no disposed assets.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the COG's Cost Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the managements of the COG, DODD, the Ohio Department of Medicaid, the Centers for Medicare and Medicaid Services, and is not intended to be, and should not be used by anyone other than these specified parties.

Sincerely,



Dave Yost
Auditor of State

March 12, 2014

cc: John Larock, Superintendent, Fairways Council of Government
Frank Latona, Business Manager Fairways Council of Government
Jim Canney, Board President, Fairways Council of Government
Superintendents of all Member County Boards of Developmental Disabilities
Business Managers of all Member County Boards of Developmental Disabilities

**Appendix A
Fairways Council of Government
2012 Income and Expenditure Report and County Summary Workbook Adjustments**

	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Schedule A				
1. Champaign; Summary Sheet Lines 13-27	\$ 76,897	\$ (983)	\$ 75,914	To agree to county workbook summary
3. Madison; Summary Sheet Lines 13-27	\$ 70,071	\$ (5,854)	\$ 64,217	To agree to county workbook summary
Worksheet 2				
4. Other Expenses (A)	\$ 1,013	\$ (1,013)	\$ -	To remove costs as already allocated by Business Manager
Champaign County				
Schedule A				
1. Room and Board/Cost to Live (L) Community Residential	\$ 47,677	\$ (596)	\$ 47,081	To reclassify costs family support expenses
Worksheet 5				
15. COG Expense (M) Family Support Services	\$ 26,943	\$ 596		To reclassify costs family support expenses
		\$ 194	\$ 27,733	To reclassify direct expenses
Worksheet 7A				
17. COG Expense (M) Family Support Services	\$ 6,181	\$ (194)	\$ 5,987	To reclassify direct expenses
Greene County				
Schedule A				
1. Room and Board/Cost to Live (L) Community Residential	\$ 74,561	\$ 4,395	\$ 78,956	To reclassify room and board expenses
Worksheet 2				
10. COG Expenses (O) Non-Federal Reimbursable	\$ 302	\$ 12,562		To reclassify indirect expenses
		\$ 15,300	\$ 28,164	To reclassify indirect expenses
Worksheet 5				
15. COG Expense (L) Community Residential	\$ 225,168	\$ (1,606)		To reclassify costs family support expenses
		\$ (4,395)		To reclassify room and board expenses
		\$ (715)	\$ 218,452	To reclassify costs family support expenses
15. COG Expense (M) Family Support Services	\$ 145,998	\$ 1,606		To reclassify costs family support expenses
		\$ 512		To reclassify direct expenses
		\$ 715	\$ 148,831	To reclassify costs family support expenses
15. COG Expense (O) Non-Federal Reimbursable	\$ 27,862	\$ (12,562)		To reclassify indirect expenses
		\$ (15,300)	\$ -	To reclassify indirect expenses
Worksheet 7B				
18. COG Expense (M) Family Support Services	\$ 512	\$ (512)	\$ -	To reclassify direct expenses
Madison County				
Schedule A				
1. Room and Board/Cost to Live (L) Community Residential	\$ 22,555	\$ 200	\$ 22,755	To reclassify room and board expenses
Worksheet 2				
10. COG Expenses (O) Non-Federal Reimbursable	\$ 139	\$ 4,093	\$ 4,232	To reclassify indirect expenses
Worksheet 5				
15. COG Expense (L) Community Residential	\$ 36,932	\$ (200)		To reclassify room and board expenses
		\$ (120)	\$ 36,612	To reclassify non-federal reimbursable
15. COG Expense (O) Non-Federal Reimbursable	\$ 5,663	\$ (4,093)		To reclassify indirect expenses
		\$ 120	\$ 1,690	To reclassify non-federal reimbursable

* = Costs were removed as Business Manager manually allocated costs to each county board and the methodology used was deemed reasonable

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FAIRWAYS COUNCIL OF GOVERNMENT

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
APRIL 10, 2014**