



Dave Yost • Auditor of State



**CLEARWATER COUNCIL OF GOVERNMENTS  
OTTAWA COUNTY**

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedures

Halina Schroeder, Audit Chief  
Division of Fiscal Administration, Audit Office  
Ohio Department of Developmental Disabilities  
30 East Broad Street, 8<sup>th</sup> Floor  
Columbus Ohio 43215

Dear Ms. Schroeder:

As permitted by Ohio Revised Code Section 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 Clearwater Council of Governments (COG) prepared its *Income and Expenditure Report* (Cost Report) and *County Summary Workbooks*<sup>1</sup> for the year ended December 31, 2014 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 COG'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.

### **TRIAL BALANCE ANALYSIS AND NON-PAYROLL EXPENDITURES TESTING**

1. We compared the COG's disbursements on the Cost Report Backup Cash Basis, General Ledger, Trial Balance, and Profit and Loss By Class reports to *Schedule A, Summary of Service Costs-By Program* and worksheets 2 through 5 of the Cost Report and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, to identify variances greater than \$250 for total service contracts, other expenses and COG expenses on any worksheet.

We found no differences exceeding \$250 on any worksheet.

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<sup>1</sup> The 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: Crawford, Erie, Huron, Marion, Morrow, Ottawa, Seneca, and Wyandot.

## **TRIAL BALANCE ANALYSIS AND NON-PAYROLL EXPENDITURES TESTING (Continued)**

2. We compared total COG non-payroll disbursements on the Trial Balance and Profit and Loss by Class reports to total service contracts, other expenses and COG expenses for worksheets 2 through 5 of the Cost Report, and *Schedule A* and worksheets 2 through 10 of the *County Summary Workbooks*, to determine if non-payroll costs were reported within two percent.

We found no differences exceeding two percent on any worksheet.

3. We scanned the COG's General Ledger report and judgmentally selected 40 non-payroll disbursements from the service contracts, other expenses and COG expense 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, the costs were allowable and properly classified according to the Cost Report Guides and 2 CFR 225 and identified any variances not classified as prescribed by the Cost Report Guide or costs which are non-federal reimbursable under 2 CFR 225 Appendix B and over \$250.

We also scanned for any program costs without corresponding statistics that are non-federal reimbursable because they do not demonstrate that the COG or one of the member County Board's programs received a measurable benefit as required under Appendix A, section (C) (3)(a) and the Cost Report Guides.

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

We noted matching costs for the Bridges to Transition Program reported as Supported Employment – Community Employment on *Worksheet 10* of the Crawford, Marion, Seneca and Wyandot *County Summary Workbooks* that should be removed from the Cost Reports as reconciling items in accordance with the Cost Report Guides.

We also noted additional Bridges to Transition Program costs reported as Supported Employment – Community Employment on *Worksheet 10* of the Wyandot *County Summary Workbook* that lacked corresponding statistics and should also be reported on *Schedule a1, Adult Program* of the member County Board's Cost Report as revenue offsets in accordance with the Cost Report Guides.

We reported these differences in Appendix A.

4. We scanned the COG's General Ledger report for items purchased during 2014 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. We compared the COG's payroll disbursements on the Trial Balance report to salaries and benefits reported on the Cost Report and the *County Summary Workbooks* to determine if payroll costs were reported within two percent.

We found no differences exceeding two percent.

### **PAYROLL TESTING (Continued)**

2. We scanned the COG's Quarterly Wage with Benefits and other statistical reports and compared classification of employees to entries on the Cost Report and *County Summary Workbooks* to determine if salary and benefit costs were reported in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

### **PROPERTY, DEPRECIATION, AND ASSET VERIFICATION TESTING**

1. We compared all depreciation entries on *Worksheet 1, Capital Costs* to the COG's Depreciation Schedule to report any variances exceeding \$250.

We found no differences.

2. We compared the COG's final 2013 Depreciation Schedule and prior year depreciation adjustments to the COG's 2014 Depreciation Schedule for changes in the depreciation amounts for assets purchased prior to the periods under review, depreciation taken on the same asset more than once, assets that have been fully depreciated in prior years, or depreciation taken on assets during the period of acquisition which were not in compliance with the Cost Report Guides to identify any cell variances greater than \$250.

We found no differences.

3. We haphazardly selected the lesser of 10 of the COG's fixed assets or 10 percent of items which met the COG's capitalization policy and were being depreciated in their first year in 2014 to determine if their useful lives agreed to the estimated useful lives prescribed in the 2013 AHA Asset Guides. We also recomputed the first year's depreciation for the one asset, based on its' cost, acquisition date and useful life to determine compliance with the Cost Report Guides and AHA Asset Guide to identify any variances.

We found no differences.

4. We haphazardly selected the lesser of 10 percent or 10 disposed assets in 2014 from the COG's list of disposed assets and determined if the one asset was removed from the COG's fixed asset ledger. We also recalculated depreciation and any gain or loss applicable to 2013 for the disposed asset based on its undepreciated basis and any proceeds received from the disposal of the asset to determine compliance with the Cost Report Guide and CMS Publication 15-1, Chapter 1 and identify any variances.

We found no differences.

### **MEDICAID ADMINISTRATIVE CLAIMING TESTING**

1. We compared the MAC salary and benefits versus the COG's payroll records to identify and notify DODD's RMTS Coordinator of any variances exceeding one percent. We compared salaries and benefits entered on the MAC RMTS reports to the COG's Wages and Benefits report.

We found no differences exceeding one percent.

2. We compared the MAC RMTS reports to lines 1-2 of *Worksheet 4, Medicaid Administrative Claiming*.

**MEDICAID ADMINISTRATIVE CLAIMING TESTING (Continued)**

We found no differences.

3. We selected 10 RMTS observed moments and 10 percent of any RMTS moments above that amount that were completed by employees of the County Board from the DODD RMTS Participant Moments Question and Answer report for the 4th quarter of 2014 in which they documented their time spent on administering Medicaid-funded programs. We determined if supporting documentation of the COG employees' activity for each of the 12 2014 observed moments tested were maintained and properly classified in accordance with DODD's Guide to Medicaid Administrative Claiming (MAC) using the Random Moment Time Studies (RMTS) Methodology for 2012.

We found no differences.

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.



**Dave Yost**  
Auditor of State

January 12, 2016

**Appendix A**  
**Clearwater Council of Government**  
**2014 Income and Expenditure Report and County Summary Workbook Adjustments**

|   | <b>Cost Report Location</b>                      | <b>Reported Amount</b> | <b>Correction</b> | <b>Corrected Amount</b> | <b>Explanation of Correction</b>                   |
|---|--|------------------------|-------------------|-------------------------|--|
| <b>Clearwater Council of Government</b> |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 1.                                      | Salaries   | \$115,828              | \$ 2,999          | \$ 118,827              | To allocate by actual human resource payroll hours |
| <b>Crawford County</b>                  |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 10                                      | Indirect Costs (O) Non-Federal Reimbursable      | * \$147,899            | \$ (143,666)      | \$ 4,233                | To remove Bridges match payments                   |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (L) Community Residential        | \$104,064              | \$ 2,144          | \$ 106,208              | To reclassify QARN costs                           |
| 15.                                     | Direct Services (O) Non-Federal Reimbursable     | \$ 4,342               | \$ (347)          | \$ 3,995                | To allocate by actual MUI cases                    |
| <b>Worksheet 7-B</b>                    |  |                        |                   |                         |  |
| 18.                                     | Nursing Services (L) Community Residential       | \$ 2,144               | \$ (2,144)        | \$ -                    | To reclassify QARN costs                           |
| <b>Erie County</b>                      |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 10.                                     | Indirect Costs (Z) Total                         | * \$ 51,042            | \$ (2,371)        | \$ 48,671               | To allocate by actual human resource payroll hours |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (L) Community Residential        | \$ 9,606               | \$ 2,858          | \$ 12,464               | To reclassify QARN costs                           |
| 15.                                     | Direct Services (O) Non-Federal Reimbursable     | \$ 6,109               | \$ (413)          | \$ 5,696                | To allocate by actual MUI cases                    |
| <b>Worksheet 7-B</b>                    |  |                        |                   |                         |  |
|   | Nursing Services (L) Community Residential       | \$ 2,858               | \$ (2,858)        | \$ -                    | To reclassify QARN costs                           |
| <b>Huron County</b>                     |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 10.                                     | Indirect Costs (Z) Total                         | * \$ 51,054            | \$ (628)          | \$ 50,426               | To allocate by actual human resource payroll hours |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (L) Community Residential        | \$ 33,303              | \$ 2,501          | \$ 35,804               | To reclassify QARN costs                           |
| 15.                                     | Direct Services (O) Non-Federal Reimbursable     | \$ 5,184               | \$ 882            | \$ 6,066                | To allocate by actual MUI cases                    |
| <b>Worksheet 7-B</b>                    |  |                        |                   |                         |  |
| 18.                                     | Nursing Services (L) Community Residential       | \$ 2,501               | \$ (2,501)        | \$ -                    | To reclassify QARN costs                           |
| <b>Marion County</b>                    |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 10.                                     | Indirect Costs (O) Non-Federal Reimbursable      | * \$ 86,560            | \$ (68,523)       | \$ 18,037               | To remove Bridges match payments                   |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (L) Community Residential        | \$ 9,527               | \$ 2,858          | \$ 12,385               | To reclassify QARN costs                           |
| 15.                                     | Direct Services (O) Non-Federal Reimbursable     | \$ 7,890               | \$ 1,874          | \$ 9,764                | To allocate by actual MUI cases                    |
| <b>Worksheet 7-B</b>                    |  |                        |                   |                         |  |
| 18.                                     | Nursing Services (L) Community Residential       | \$ 2,858               | \$ (2,858)        | \$ -                    | To reclassify QARN costs                           |
| <b>Morrow County</b>                    |  |                        |                   |                         |  |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (O) Non-Federal Reimbursable     | \$ 4,107               | \$ (1,814)        | \$ 2,293                | To allocate by actual MUI cases                    |
| <b>Ottawa County</b>                    |  |                        |                   |                         |  |
| <b>Worksheet 2</b>                      |  |                        |                   |                         |  |
| 10.                                     | Indirect Costs (O) Non-Federal Reimbursable      | * \$ 18,995            | \$ (15,000)       | \$ 3,995                | To reclassify supported living van purchase        |
| <b>Worksheet 5</b>                      |  |                        |                   |                         |  |
| 15.                                     | Direct Services (L) Community Residential        | \$ 89,331              | \$ 3,216          | \$ 92,547               | To reclassify QARN costs                           |
| 15.                                     | Direct Services (M) Family Support Services      | \$ -                   | \$ 15,000         | \$ 15,000               | To reclassify supported living van purchase        |
| 15.                                     | 15. Direct Services (O) Non-Federal Reimbursable | \$ 7,894               | \$ 1,131          | \$ 9,025                | To allocate by actual MUI cases                    |
| <b>Worksheet 7-B</b>                    |  |                        |                   |                         |  |
| 18.                                     | Nursing Services (L) Community Residential       | \$ 3,216               | \$ (3,216)        | \$ -                    | To reclassify QARN costs                           |

Appendix A (page 2)  
Clearwater Council of Government  
2014 Income and Expenditure Report and County Summary Workbook Adjustments

| Cost Report Location                             |    | Reported Amount | Correction  | Corrected Amount | Explanation of Correction            |
|--|----|-----------------|-------------|------------------|--------------------------------------|
| <b>Seneca County</b>                             |    |                 |             |                  |                                      |
| <b>Worksheet 2</b>                               |    |                 |             |                  |                                      |
| 10. Indirect Costs (O) Non-Federal Reimbursable  | *  | \$ 54,819       | \$ (54,819) | \$ -             | To remove Bridges match payments     |
| <b>Worksheet 5</b>                               |    |                 |             |                  |                                      |
| 15. Direct Services (L) Community Residential    |    | \$ 34,116       | \$ 3,037    | \$ 37,153        | To reclassify QARN costs             |
| <b>Worksheet 7-B</b>                             |    |                 |             |                  |                                      |
| 18. Nursing Services (L) Community Residential   |    | \$ 3,037        | \$ (3,037)  | \$ -             | To reclassify QARN costs             |
| <b>Wyandot County</b>                            |    |                 |             |                  |                                      |
| <b>Worksheet 2</b>                               |    |                 |             |                  |                                      |
| 10. Indirect Costs (O) Non-Federal Reimbursable  | *  | \$ 99,206       | \$ (61,671) |                  | To remove Bridges match payments     |
|  |    |                 | \$ (1,190)  |                  | To reclassify Bridges program costs  |
|  |    |                 | \$ (750)    | \$ 35,595        | To reclassify psych assessment costs |
| <b>Worksheet 5</b>                               |    |                 |             |                  |                                      |
| 15. Direct Services (O) Non-Federal Reimbursable |    | \$ 1,441        | \$ (908)    | \$ 533           | To allocate by actual MUI cases      |
| <b>Worksheet 7-D</b>                             |    |                 |             |                  |                                      |
| 20. Psychology (E) Facility Based Services       |    | \$ -            | \$ 750      | \$ 750           | To reclassify psych assessment costs |
| <b>Worksheet 10</b>                              |    |                 |             |                  |                                      |
| 27. Direct Services (G) Community Employment     | ** | \$ -            | \$ 1,190    | \$ 1,190         | To reclassify Bridges program costs  |

\* Original Cost Report balances have been adjusted to reflect allocations as a result of the above adjustments to Worksheet 2 of the COG Cost Report. Other County Summary Workbooks have been affected by this same allocation; however, those adjustments are not shown here due to this being a function of how costs flow down from Schedule B of the COG Cost Report.

\*\* Wyandot member County Board reported Bridges to Transition costs as Supported Employment - Community Employment on Worksheet 10 without corresponding statistics. The same costs reported on the County Summary Workbooks must also be reported on Schedule a1, Adult Program, see also Trial Balance and Non-Payroll Expenditures section.



# Dave Yost • Auditor of State

**CLEARWATER COUNCIL OF GOVERNMENTS**

**OTTAWA 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 17, 2016**