



FAIRWAYS COUNCIL OF GOVERNMENT

AGREED UPON PROCEDURES

**FOR THE COST REPORTING PERIOD
JANUARY 1, 2010 THROUGH DECEMBER 31, 2010**



Dave Yost • Auditor of State

FAIRWAYS COUNCIL OF GOVERNMENT

TABLE OF CONTENTS

Title	Page
Independent Accountant's Report	1
Income and Expenditure Report Adjustments – 2010 (Appendix A)	5

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

Independent Accountant's Report on Agreed-Upon Procedures

Jenny Jones, Assistant Deputy Director
Office of Audits, Ohio Department of Developmental Disabilities
30 E. Broad Street, 13th Floor
Columbus, Ohio 43215

Dear Ms. Jones:

As permitted by Ohio Revised Code Section 5123.05 and as required by the *Application for a §1915(c) HCBS Waiver*, Appendix I-2(c), the Auditor of State's Office 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 (Fairways COG) prepared its *Income and Expenditure Report* and *County Summary Workbooks*¹ for the years ended December 31, 2010 in accordance with DODD's Guide to Preparing Income and Expenditure Reports for COG's 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 attestation standards established by the American Institute of Certified Public Accountants. 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

1. The Fairways 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 Fairways COG Receipts and Expenses-for all Counties and Programs (2010) report and footed this report for accuracy.

We found no differences or computational errors.

2. We compared all receipt and disbursement entries on the Fairways COG Receipts and Expenses-for all Counties and Programs (2010) report to the COG's General Ledger Receipt and Expense CY 2010 reports.

We found no differences.

3. We compared all receipt and disbursement account totals on the Fairways COG Receipts and Expenses-for all Counties and Programs (2010) report to *Schedule A, Summary of Service Costs-By Program* of the COG cost report and Worksheets 2 through 10 and *Schedule C Income Report* of the *County Summary Workbooks* and the COG's General Ledger Receipt and Expense CY 2010 reports.

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

We found no differences.

4. We compared total disbursements on the Fairways COG Receipts and Expenses for all Counties and Programs (2010) report to the total combined disbursements reported on *Schedule A, Summary of Service Costs-By Program* of the COG cost report (including costs allocated to the County Summary Workbooks).

We found no differences.

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 the amounts paid to the COG per the 2010 Annual Subsidy Amount and Reconciliation Final reports (DODD confirmations) to *Schedule C Income Report* of the *County Summary Workbooks*.

We found differences as reported in Appendix A.

2. We scanned the Fairways COG Receipts and Expenses-for all Counties and Programs (2010) report and the General Ledger Receipt and Expense CY 2010 reports to determine if any transfers were recorded on the COG cost report or the *County Summary Workbooks*.

We found transfers on Schedule C of the Greene County Summary Workbook as reported in Appendix A.

Property, Depreciation, and Asset Verification Testing

1. DODD asked us to compare the COG's policies regarding capitalization of fixed assets with the following guidelines:

- Cost Report Guides for preparing Worksheet 1, Capital Costs
- 2 CFR 225 (OMB Circular A-87, Appendix B, 15(a)(2), and
- CMS Publication 15-1.

A capitalization policy was unavailable and was not examined.

2. DODD asked us to compare the COG's Depreciation Schedule for 2010 to *Worksheet 1, Capital Costs* of the COG Cost Report.

A depreciation schedule was unavailable and was not examined.

3. We scanned the COG's General Ledger Receipt and Expense CY 2010 reports for items purchased during 2010 that met the Cost Report Guides for preparing Worksheet 1, Capital Costs guidelines.

We found no unrecorded purchases meeting the capitalization criteria in the guidelines under procedure 1 above.

4. DODD asked us to scan the COG's Depreciation Schedule for 2010 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.

A depreciation schedule was unavailable and was not examined.

5. DODD asked us to compare the COG's audited 2009 Depreciation Schedule to the COG's 2010 Depreciation Schedules for changes in the depreciation amounts for assets which were not in compliance with the Cost Report Guide.

Depreciation schedules were unavailable for 2009 and 2010 and were not examined.

6. DODD asked us to select five assets from the COG's fixed asset schedule and trace these assets to their physical location.

A fixed asset schedule was unavailable and was not examined.

7. DODD asked us to haphazardly select five of the COG's fixed assets from their fixed asset schedule which meet the COG's capitalization policy and are being depreciated in their first year in 2010 and determine if their useful life agreed to the estimated useful lives prescribed in the 2008 AHA Asset Guides. DODD also asked us to recompute the first year's depreciation for these assets, based on their cost, acquisition date and period of useful life to determine compliance with the Cost Report Guides and AHA Asset Guide.

A fixed asset schedule was unavailable and was not examined, and no purchases meeting the capitalization criteria guidelines were identified under procedure #3 above.

The County Board responded that, "Fairways COG does not have any assets nor do we expect to obtain assets in the future; therefore, we do not have a capitalization policy nor do we have a depreciation schedule."

8. DODD asked us to haphazardly select the lesser of five percent or 20 disposed assets from the COG's 2010 list of disposed assets and determine if the asset was removed from the COG's fixed asset ledger.

A list of disposed assets and a fixed asset schedule were unavailable for 2010 and were not examined.

Non-Payroll Expenditure Testing

1. We haphazardly selected a sample of 30 non-payroll disbursements from the COG's General Ledger Receipt and Expense CY 2010 reports to determine 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 on the COG's cost report or the *County Summary Workbooks* or were transfers properly left off these reports in accordance with the Cost Report Guides.

We found differences as reported in Appendix A.

2. We scanned the COG's General Ledger Receipt and Expense CY 2010 reports 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.

We received a response from officials to an exception noted above under Property, Depreciation, and Asset Verification Testing (Procedure 7). We did not audit the response and, accordingly, we express no opinion on it.

This report is intended solely for the use of the managements of Fairways COG, DODD, the Ohio Department of Job and Family Services, and 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,

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 2, 2012

cc: John LaRock, Interim Director, Fairways COG
Frank Latona, Business Manager, Fairways COG
B Diane Kabbes, Board, Vice President, Fairways COG

Appendix A
Fairways Council of Government
2010 Income and Expenditure Report and County Summary Workbook Adjustments

Cost Report Location	Reported Amount	Correction	Corrected Amount	Explanation of Correction
Champaign County Summary Workbook				
Schedule A				
1. Room and Board (L) Community Residential	\$ 214,144	\$ (173,514)	\$ 40,630	To reclassify capital housing costs
Worksheet 5 (Direct Services)				
14. Service Contracts (L) Community Residential	\$ 32,902	\$ 173,514	\$ 206,416	To reclassify capital housing costs
Greene County Summary Workbook				
Schedule A				
1. Room and Board/Cost to Live (L) Community Residential	\$ 328,369	\$ (319,353)	\$ 9,016	To reclassify capital housing costs
Worksheet 2 (Indirect Services)				
10. COG Expense (E) Facility Based Services	\$ -	\$ 117	\$ 117	To reclassify donations and board meeting meals
10. COG Expense (L) Community Residential	\$ 13,493	\$ 2,007	\$ 15,500	To reclassify donations and board meeting meals
10. COG Expense (M) Family Support Services	\$ 11,192	\$ (6,016)	\$ 5,176	To reclassify donations and board meeting meals
10. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 3,894	\$ 3,894	To reclassify donations and board meeting meals
Worksheet 5 (Direct Services)				
14. Service Contracts (L) Community Residential	\$ 212,526	\$ 319,353	\$ 527,907	To reclassify capital housing costs To reclassify Adult Day Support costs
Worksheet 10 (Direct Service)				
27. COG Expense (E) Facility Based Service	\$ -	\$ 3,972	\$ 3,972	To reclassify Adult Day Support costs
Schedule C				
I. County, (C) Other (Detail on Separate Sheet)-Capital Housing sent to CB	\$ 135,473	\$ (135,473)	\$ -	To remove transfer from the County Board
I. County, (C) Other (Detail on Separate Sheet)-Levy funds sent from CB to FSS	\$ 72,500	\$ (72,500)	\$ -	To remove transfer from the County Board
Madison County Summary Workbook				
Schedule A				
1. Room and Board (L) Community Residential	\$ 159,777	\$ (112,675)	\$ 47,102	To reclassify capital housing costs
Worksheet 2 (Indirect Costs)				
10. COG Expense (L) Community Residential	\$ 10,283	\$ (4,805)	\$ 5,478	To reclassify golf outing costs
10. COG Expense (M) Family Support Services	\$ 1,829	\$ (1,369)	\$ 460	To reclassify golf outing costs
10. COG Expense (O) Non-Federal Reimbursable	\$ -	\$ 6,174	\$ 6,174	To reclassify golf outing costs
Worksheet 5 (Direct Services)				
14. Service Contracts (L) Community Residential	\$ 90,365	\$ 112,675	\$ 198,871	To reclassify capital housing costs To reclassify promotional and appreciation dinner costs
14. Service Contracts (O) Non-Federal Reimbursable	\$ -	\$ 4,169	\$ 4,169	To reclassify promotional and appreciation dinner costs
Schedule C				
II. Department of DD (B) County Board Subsidy (501)	\$ 818,024	\$ (112,675)	\$ 705,349	To reclassify Capital Housing funds received from DODD
VI. Capital Revenue (D) Capital Housing	174,152	112,675	112,675	To reclassify Capital Housing funds received from DODD
		\$ (174,152)	\$ 112,675	To remove transfer from the County Board

This page intentionally left blank.



Dave Yost • Auditor of State

FAIRWAYS 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
MARCH 15, 2012**