



Mary Taylor, CPA
Auditor of State

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

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Mary Taylor, CPA
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.

Mary Taylor

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Auditor of State

September 10, 2008

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Mary Taylor, CPA

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, 2007 and 2006. 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 council 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, 2007 and 2006 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, 2007 and 2006, 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 fund cash balance of the Fairways Regional Council of Governments, Greene County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 10, 2008

**FAIRWAYS REGIONAL COUNCIL OF GOVERNMENTS
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Type
	General
Cash Receipts:	
Department of MRDD	\$1,925,641
County Contribution	115,000
Local Sources	43,120
Earnings on Investments	118,959
Total Support and Revenues	2,202,720
Cash Disbursements:	
Contracts-Services	408,379
Supplies	119,251
Utilities	4,186
Repairs and Services	11,480
Professional Services	11,233
Medical Fees	40,425
Respite	67,075
Family Night Out	28,372
Summer Camp	41,023
Travel and Training	9,504
Equipment	26,579
Rent Subsidy	57,641
10% Administrative Fees	63,309
Waiver Match	667,243
Bank Charges	3,561
Other Expenses	292,654
Total Cash Disbursements	1,851,915
Total Cash Receipts Over/(Under) Cash Disbursements	350,805
Fund Cash Balance, January 1	2,576,349
Fund Cash Balance, December 31	\$2,927,154

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
CHANGES IN FUND CASH BALANCE
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Type
	General
Cash Receipts:	
Department of MRDD	\$1,984,172
County Contribution	229,947
Local Sources	38,579
Earnings on Investments	93,304
Total Support and Revenues	2,346,002
 Cash Disbursements:	
Contracts-Services	379,094
Supplies	115,607
Utilities	3,161
Repairs and Services	14,089
Professional Services	13,916
Medical Fees	21,598
Respite	36,602
Family Night Out	7,702
Summer Camp	28,441
Travel and Training	8,688
Equipment	8,136
Rent Subsidy	56,348
Administrative Expense	12,791
PRC TANF Funds	41,607
Waiver Match	990,864
Bank Charges	5,922
Other Expenses	21,505
Total Cash Disbursements	1,766,071
 Total Cash Receipts Over/(Under) Cash Disbursements	 579,931
 Fund Cash Balance, January 1	 1,996,418
 Fund Cash Balance, December 31	 \$2,576,349

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, 2007 AND 2006**

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. A three member Executive Committee governs the Council. The Executive Committee consists of the Superintendents of the member County Boards of Mental Retardation and Developmental Disabilities (MRDD) 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 mental retardation and 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 Chapter 5705 of the Ohio Revised Code.

F. 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, 2007 AND 2006**

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>2007</u>	<u>2006</u>
Demand deposits	<u>\$2,927,154</u>	<u>\$2,576,349</u>
Total deposits	<u>\$2,927,154</u>	<u>\$2,576,349</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
- Electronic equipment



Mary Taylor, CPA

Auditor of State

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 the Fairways Regional Council of Governments, Greene County, (the Council) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 10, 2008, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Council's management in a separate letter dated September 10, 2008.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 10, 2008



Mary Taylor, CPA
Auditor of State

**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
SEPTEMBER 25, 2008**