



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the 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 government 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.

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Dave Yost
Auditor of State

December 19, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Jackson County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009. 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 combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Council's larger (i.e., major) funds separately. 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 family and children first councils 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, 2010 and 2009 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, 2010 and 2009, 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 of the Family and Children First Council, Jackson County, Ohio, as of December 31, 2010 and 2009, 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 November 9, 2009, 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

December 19, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$ 71,250	\$ 183,158	\$ 254,408
Other Receipts	4,146		4,146
Total Cash Receipts	<u>75,396</u>	<u>183,158</u>	<u>258,554</u>
Cash Disbursements:			
Salaries	30,431		30,431
Fringe Benefits	12,452		12,452
Supplies	600		600
Contracts - Services		183,158	183,158
Travel	1,198		1,198
Other	10,986		10,986
Total Cash Disbursements	<u>55,667</u>	<u>183,158</u>	<u>238,825</u>
Total Cash Receipts Over/(Under) Cash Disbursements	19,729	0	19,729
Fund Cash Balances, January 1	<u>(14,237)</u>	<u>0</u>	<u>(14,237)</u>
Fund Cash Balances, December 31	<u><u>\$ 5,492</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 5,492</u></u>

The notes to the financial statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$ 66,643	\$ 251,921	\$ 318,564
Other Receipts	11,054		11,054
Total Cash Receipts	<u>77,697</u>	<u>251,921</u>	<u>329,618</u>
Cash Disbursements:			
Salaries	30,730		30,730
Fringe Benefits	13,802		13,802
Supplies	1,491		1,491
Equipment	3,000		3,000
Contracts - Services	39,957	276,921	316,878
Travel	834		834
Other	15,916		15,916
Total Cash Disbursements	<u>105,730</u>	<u>276,921</u>	<u>382,651</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(28,033)	(25,000)	(53,033)
Other Financing Receipts/(Disbursements):			
Transfers-In	1,107		1,107
Transfers-Out		(1,107)	(1,107)
Total Other Financing Receipts/(Disbursements)	<u>1,107</u>	<u>(1,107)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,926)	(26,107)	(53,033)
Fund Cash Balances, January 1	<u>12,689</u>	<u>26,107</u>	<u>38,796</u>
Fund Cash Balances, December 31	<u><u>\$ (14,237)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (14,237)</u></u>

The notes to the financial statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's membership.
- b. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the County. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job and family services;
- e. The executive director of the public children services agency;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the department of education, which shall notify each board of county commissioners of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The president of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

County council's responsibilities include the following:

- a. Refer to the Cabinet Council those children for whom the county council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The 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 the Auditor of State's accounting basis requires.

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow – This fund receives state and federal grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

D. Administrative and Fiscal Agent

The Jackson County Combined General Health District served as administrative agent and Jackson County served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the County.

E. Budgetary Process

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

Jackson County, serving as fiscal agent for the Council, reserves (encumbers) appropriations when commitments are made.

F. Property, Plant and Equipment

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED CASH

Jackson County maintains a cash pool used by all of the County Funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer at December 30, 2010 was \$5,492 and at December 30, 2009 was (\$14,237). The County, as custodian for the Council, is responsible for maintaining adequate depository collateral for all funds in the County pooled deposit accounts.

3. RISK MANAGEMENT

The Council is insured for general liability and casualty by Jackson County.

4. DEFINED BENEFIT PENSION PLAN

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan's provides retirement benefits including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries. The Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2010.

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Family and Children First Council
Jackson County
200 East Main Street
Jackson, Ohio 45640

To the Council:

We have audited the financial statements of the Family and Children First Council, Jackson County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated December 19, 2011, 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Finding 2010-001 described in the accompanying Schedule of Findings to be a material weakness.

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 also noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated December 19, 2011.

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.

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

December 19, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
JACKSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

- In 2009 and 2010, General Fund disbursements totaling \$105,730 and \$183,582, respectively, were all posted as Project Fund Expenditures instead of the detailed line items;
- In 2010, an intergovernmental receipt of \$7,500 of FCFC monies was incorrectly receipted into the Jackson County Combined General Health District, the FCFC's administrative agent;
- In 2009, the FCFC transferred \$1,107 from discontinued Special Revenue funds to the Jackson County Combined General Health District General Fund;
- In 2009, Intergovernmental receipts were posted as Miscellaneous receipts in the General Fund in the amount of \$66,643;
- In 2009, Help Me Grow monies should have been received and disbursed through FCFC funds in the amount of \$251,921;
- In 2009, a bus purchase for \$3,000 was shown as a transfer out of the FCFC General Fund to the Jackson County Combined General Health District where the disbursement was recorded;
- In 2009, the FCFC expenditure for Launch was paid from the Jackson County Combined General Health District General Fund in the amount of \$25,000;
- In 2010, Intergovernmental receipts were posted as Miscellaneous receipts in the General Fund in the amount of \$63,750;
- In 2010, Help Me Grow expenditures were shown in the General Fund instead of a Special Revenue fund as Intergovernmental Revenue in and Contract services out in the amount of \$136,780;
- In 2010, Help Me Grow monies should have been received and disbursed through FCFC funds in the amount of \$46,378.
- In 2010, Help Me Grow monies of \$8,864 were received but not remitted to the Jackson County Combined General Health District as required by the contractual agreement.

To ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer or the Council members, to identify and correct errors or omissions.

Additionally, among other resources, the Council should refer to the AOS Ohio Compliance Supplement and the following AOS Technical Bulletins for guidance on financial reporting, internal controls, audits; allowable costs, appointment of administrative agent, budgeting, and on-behalf funding: 1998-007, 2000-008, 2005-002, and 2005-006.

Officials' Response:

The "Material Weakness" pointed out errors in the handling of monies received by FCFC related to the contractual arrangements with the Jackson County Health Department and the Help Me Grow Program. To rectify this issue we will establish a revenue account titled "Intergovernmental Receipts" for FCFC. This account will be used to record the receipt of monies from Ohio Department of Health for the Help Me Grow Program. A voucher will be prepared to make payment to the Help Me Grow Program. These disbursements will be charged to the "Contractual Services" account. This change will take place effective 1/1/2012.

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JACKSON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

JACKSON 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
JANUARY 3, 2012**