

***FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Family and Children First Council
31620 Chieftain Drive
Logan, Ohio 43138

We have reviewed the *Report of Independent Accountants* of the Family and Children First Council, Hocking County, prepared by Charles E. Harris & Associates, Inc., for the audit period December 31, 2011 and 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 7, 2012

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**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2011 & 2010**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council
Hocking County
31620 Chieftain Drive
Logan, Ohio 43138

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Hocking County, Ohio (the Council), as of and for the years ended December 31, 2011 and 2010. 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 that 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.

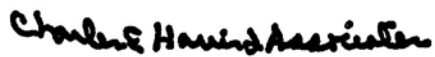
Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2011 and 2010. Instead of the combined funds the accompanying financial statements present for 2011 and 2010, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2011 and 2010. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since the Council does not use GAAP to measure financial statement amounts, 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 matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, 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, 2011 and 2010, 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, Hocking County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

As described in Note 5 during 2010 the Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012, 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.



Charles E. Harris & Associates, Inc.
September 26, 2012

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2011**

	<u>Governmental Fund Types</u>		<u>Totals- Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Intergovernmental	\$ 61,677	\$ 114,481	\$ 176,158
Cluster Monies	125,007	-	125,007
Other Revenue	2,450	4,725	7,175
Total Receipts	189,134	119,206	308,340
Disbursements:			
Personal Services	41,857	14,250	56,107
Utilities	4,437	-	4,437
Contractual Services	84,966	83,062	168,028
Supplies and Materials	331	-	331
Family Funds	20,605	-	20,605
Miscellaneous	7,353	-	7,353
Total Disbursements	159,549	97,312	256,861
Total Receipts Over/(Under) Disbursements	29,585	21,894	51,479
Fund Cash Balance, January 1, 2011	182,345	74,697	257,042
Fund Balances:			
Restricted	-	96,591	96,591
Unassigned	211,930	-	211,930
Fund Cash Balance, December 31, 2011	\$ 211,930	\$ 96,591	\$ 308,521

See Accompanying Notes to the Financial Statements.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals- Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Intergovernmental	\$ -	\$ 255,996	\$ 255,996
Cluster Monies	91,353	-	91,353
Total Receipts	91,353	255,996	347,349
Disbursements:			
Personal Services	38,778	17,069	55,847
Utilities	1,383	-	1,383
Contractual Services	93,892	207,172	301,064
Supplies and Materials	576	-	576
Miscellaneous	1,178	5,999	7,177
Total Disbursements	135,807	230,240	366,047
Total Receipts Over/(Under) Disbursements	(44,454)	25,756	(18,698)
Fund Cash Balance, January 1, 2010	226,799	48,941	275,740
Fund Balances:			
Restricted	-	74,697	74,697
Unassigned	182,345	-	182,345
Fund Cash Balance, December 31, 2010	\$ 182,345	\$ 74,697	\$ 257,042

See Accompanying Notes to the Financial Statements.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

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 required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals.

- a. At least three individuals 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 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 county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. DESCRIPTION OF THE ENTITY – (Continued)

- h. 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;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;
- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. A representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services.
- b. Development and implementation of 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;

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. DESCRIPTION OF THE ENTITY – (Continued)

- c. Participation 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 “Education of the Handicapped Act Amendments of 1986”;
- d. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. BASIS OF ACCOUNTING

The Council prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. FUND ACCOUNTING

The Council maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. BUDGETARY PROCESS – (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Council. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources that are restricted to expenditures for specific purposes. The Council has the following significant Special Revenue fund:

- Help Me Grow Fund- This fund receives federal monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

D. BUDGETARY PROCESS

The Council files an annual estimate of expenditures and revenue with Hocking County, as required by Ohio law. This estimate is adopted by the Council and the Hocking County Commissioners. The Council and County Commissioners approve any changes made to this estimate during the year. The County Commissioners ensure that the Council's expenditures do not exceed appropriations.

E. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources.

1. Nonspendable- The Council classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.
2. Restricted- Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. FUND BALANCE - (Continued)

3. Committed- The Council can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council.

5. Unassigned- Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquisitions are recorded as expenses when paid, rather than being capitalized.

G. ADMINISTRATIVE AGENT

The Hocking County Board of County Commissioners is the designated administrative agent for the Council. The Hocking County Auditor is the designated fiscal agent for the Council. The Council's funds are maintained by the County in separate agency funds.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Council's cash and investments are maintained by the Hocking County Commissioners. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. The carrying amount of cash at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand Deposits	<u>\$308,521</u>	<u>\$257,042</u>

All risks associated with such deposits are the responsibility of Hocking County.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	Not Applicable	\$ 189,134	Not Applicable
Special Revenue Funds	Not Applicable	119,206	Not Applicable

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	Not Applicable	\$ 159,549	Not Applicable
Special Revenue Funds	Not Applicable	97,312	Not Applicable

<u>Fund:</u>	<u>2010 Budgeted vs Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	Not Applicable	\$ 91,353	Not Applicable
Special Revenue Funds	Not Applicable	255,996	Not Applicable

<u>Fund:</u>	<u>2010 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	Not Applicable	\$ 135,807	Not Applicable
Special Revenue Funds	Not Applicable	230,240	Not Applicable

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

4. RISK MANAGEMENT

The Council is insured through the Hocking County Commissioners for the following risks:

- Comprehensive property and general liability
- Valuable papers and records
- Errors and omissions

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the past year.

5. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

6. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

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
Hocking County
31620 Chieftain Drive
Logan, Ohio 43138

To the Council:

We have audited the financial statements of the Family and Children First Council, Hocking County, Ohio (the Council), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 26, 2012, 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 and implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 opinions 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We also noted certain other matters that we have reported to management of the Council in a separate letter dated September 26, 2012.

This report is intended solely for the information and use of management, the audit committee, members of the Council, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

September 26, 2012

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ending December 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-HOCK-01	Financial statements misstated	Yes	



Dave Yost • Auditor of State

HOCKING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HOCKING 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
DECEMBER 20, 2012**