



**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2010-2009**



**Dave Yost • Auditor of State**



**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

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# Dave Yost • Auditor of State

Ashland County Family and Children First Council  
Ashland County  
1605 County Road 1095  
Ashland, Ohio 44805

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.

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**Dave Yost**  
Auditor of State

September 6, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Ashland County Family and Children First Council  
Ashland County  
1605 County Road 1095  
Ashland, Ohio 44805

To the Members of Council:

We have audited the accompanying financial statements of the Ashland County Family and Children First Council, Ashland 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 accompanying financial statements presented, GAAP requires 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 fund cash balances and reserves for encumbrances of Ashland County Family and Children First Council, Ashland County, Ohio, as of December 31, 2010 and 2009, and its 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 6, 2011, 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 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

September 6, 2011



**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash Receipts:</b>		
Intergovernmental	\$266,540	\$192,667
Membership Receipts	14,427	17,141
Contracted Services		154,697
Miscellaneous	2,550	5,526
	<b>283,517</b>	<b>370,031</b>
<b>Cash Disbursements:</b>		
Current:		
Salaries and Benefits	66,587	73,929
Contractual Services	283,866	268,207
Travel	1,238	1,513
Supplies and Postage	1,410	311
Miscellaneous	2,148	2,677
	<b>355,249</b>	<b>346,637</b>
Total Cash Disbursements	<b>355,249</b>	<b>346,637</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(71,732)	23,394
Fund Cash Balance, January 1	164,941	141,547
<b>Fund Cash Balance, December 31</b>	<b>\$93,209</b>	<b>\$164,941</b>
Reserves for Encumbrances, December 31	\$12,627	\$40,670

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

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**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Section 121.37, Revised Code, 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. 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. 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 county of its determination at least biennially;
- g. 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;
- h. A representative of the largest city in the county;
- i. The chair of the board of county commissioners, or an individual designated by the board;
- j. A representative of the regional office of the department of youth services;
- k. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- l. 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";
- m. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to 20% of the council's remaining membership; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND 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)**

In addition, 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.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or 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 "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Ashland County Family and Children First Council (the Council) was officially created on November 16, 1995, by proclamation of the Governor of the State of Ohio.

**B. Accounting Basis**

These financial statements were prepared on 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. 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 General Fund is the general operating fund of the Council. It is used to account for all financial resources.

**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Administrative/Fiscal Agent**

Section 121.37 (B)(4), Revised Code, requires each county council to designate an administrative agent for the council. The Ashland County Mental Health and Recovery Board serves as the administrative agent and the Ashland County Auditor is the designated fiscal agent for the Council. Ashland County maintains the Family and Children First Council funds in an Agency Fund on Ashland County's financial records. The administrative agent agrees to:

- a. Serve as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and
- c. Perform the following on behalf of Council, but only upon the expressed approval of and direction by Council:
  - Enter into written agreements or administer contracts with public or private entities to fulfill specific Council business.
  - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity.
  - Receive by gift, grant, devise, or bequest any moneys, land, or other property for the purposes for which the Council is established.

**E. Budgetary Process**

The Ohio Rev. Code Section 121.37(B)(5)(a) requires the Council to file an annual budget with their administrative agent. A summary of 2010 and 2009 budgetary activity appears in Note 3.

**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.

**2. EQUITY IN POOLED CASH**

The Ashland County Treasurer maintains a cash pool used for the County's funds and for the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2010 and 2009 was \$93,209 and \$164,941, respectively. The Ashland County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$284,651	\$283,517	(\$1,134)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$392,559	\$367,876	\$24,683

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$409,679	\$370,031	(\$39,648)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$441,755	\$387,308	\$54,447

**4. RETIREMENT SYSTEM**

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

**5. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**6. RELATED PARTY TRANSACTIONS**

The Council Coordinator is a paid employee of Ashland County, although the Council reimburses the cost of her payroll to the County. The funds used to pay the Coordinator's salary are derived from a state administrative grant and local agency membership contributions received by the Council and are reported within a County Agency Fund. The Ashland County Mental Health and Recovery Board serves as the Administrative Agent and provides office space and other resources to the Council.

**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ASHLAND COUNTY**

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

**6. RELATED PARTY TRANSACTIONS (Continued)**

One member of the Council's governing board serves as the director of Catholic Charities, a nonprofit agency in which the Council contracts services. During 2010 and 2009, the Council paid Catholic Charities \$16,072 and \$12,507, respectively, for services.

One member of the Council's governing board serves as Superintendent of Tri-County Educational Service Center, a government agency in which the Council contracts services. During 2010 and 2009, the Council paid Tri-County Educational Service Center \$228,565 and \$232,754, respectively, for services.

One member of the Council's governing board serves as director of Ashland County Department of Job and Family Services (JFS), which contracts with the Council to provide services. The JFS paid \$136,349 to the Council for services during 2009.

One member of the Council's governing board serves as director of Ashland County Mental Health and Recovery Board (MHRB) which contracts with the Council to provide services. The MHRB paid \$18,215 to the Council for services during 2009.

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# Dave Yost • Auditor of State

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

Ashland County Family and Children First Council  
Ashland County  
1605 County Road 1095  
Ashland, Ohio 44805

To the Members of Council:

We have audited the financial statements of the Ashland County Family and Children First Council, Ashland County, Ohio, (the Council) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 6, 2011, wherein we noted the Council followed 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 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.

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 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 matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated September 6, 2011.

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

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**Dave Yost**  
Auditor of State

September 6, 2011



# Dave Yost • Auditor of State

**ASHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**ASHLAND 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 29, 2011**