



Dave Yost • Auditor of State

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Audit Findings	13
Schedule of Prior Audit Findings	15

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Dave Yost • Auditor of State

Clinton County Family and Children First Council
Clinton County
1025 S. South Street, Suite 400
Wilmington, Ohio 45177

To the Board of Trustees:

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.

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

Dave Yost
Auditor of State

October 12, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clinton County Family and Children First Council
Clinton County
1025 S. South Street, Suite 400
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the accompanying financial statements of the Clinton County Family and Children First Council, Clinton 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.

Except as described in the following paragraph, 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.

The Council did not provide sufficient documentation supporting charges for services receipts and contract services disbursements, which are included in the Charges for Services and Contract Services transaction line items. Without this evidential matter, we were unable to obtain sufficient information regarding the receipts and disbursements recorded for the financial statement or to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. The undocumented charges for services receipts represent 53% and contract services disbursements represent 46% for 2010; and 79% of the charges for services receipts and 69% of contract services disbursements for 2009 of the total General Fund cash receipts and cash disbursements recorded on the financial statements.

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 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.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
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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, except for such adjustments, if any, might have been determined to be necessary had we been able to obtain sufficient documentation supporting certain charges for services receipts and contract services disbursements, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Clinton County Family and Children First Council, Clinton County, 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 October 12, 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.



Dave Yost
Auditor of State

October 12, 2011

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 17,069	\$ 321,792	\$ 338,861
Charges for Services	48,600		48,600
Other Revenue	4,821		4,821
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	70,490	321,792	392,282
Cash Disbursements:			
Current:			
Contract Services	50,190	246,255	296,445
Salaries & Benefits	57,376	-	57,376
Supplies	156	2,058	2,214
Travel/Training	1,047	-	1,047
Service Account	-	-	-
Miscellaneous	21	3,280	3,301
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	108,790	251,593	360,383
Total Receipts Over/(Under) Disbursements	(38,300)	70,199	31,899
Other Financing Receipts/(Disbursements):			
Advances-In	9,544	-	9,544
Reimbursements	23,794	1,238	25,032
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	23,794	1,238	25,032
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,506)	71,437	56,931
Fund Cash Balances, January 1	44,238	10,929	55,167
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 39,276</u>	<u>\$ 82,366</u>	<u>\$ 112,098</u>

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 25,257	\$ 179,129	\$ 204,386
Charges for Services	138,525		138,525
Other Revenue	4,700		4,700
Total Cash Receipts	168,482	179,129	347,611
Cash Disbursements:			
Current:			
Contract Services	140,525	168,531	309,056
Salaries & Benefits	46,527	-	46,527
Supplies	143	706	849
Travel/Training	980	-	980
Service Account	9,579	-	9,579
Miscellaneous	1,562	4,570	6,132
Total Cash Disbursements	199,316	173,807	373,123
Total Receipts Over/(Under) Disbursements	(30,834)	5,322	(25,512)
Other Financing Receipts/(Disbursements):			
Reimbursements	5,320	-	5,320
Total Other Financing Receipts/(Disbursements)	5,320	-	5,320
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,514)	5,322	(20,192)
Fund Cash Balances, January 1	69,752	5,607	75,359
Fund Cash Balances, December 31	<u>\$ 44,238</u>	<u>\$ 10,929</u>	<u>\$ 55,167</u>

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Ohio Revised 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. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- b. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- c. The director of the county department of human services.
- d. The executive director of the county children's services board.
- e. The superintendent of the county board of mental retardation and developmental disabilities.
- f. The administrative or the judge senior in service or his designee for the county's juvenile court.
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county.
- 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 chair of the board of county commissioners, or designee.
- k. A representative of the regional office of the department of youth services.
- l. A representative of the county's head start agencies.
- m. A representative of the county's early intervention collaborative.
- n. At least three individuals whose families are receiving or have received services from an agency which is represented on the council. If possible, 20% of the council's membership should consist of members representing families.
- o. The director of the community mental health board.
- p. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 county-wide 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.

Council Membership

The County's Council membership included Children's Services, Board of Alcohol Drug Addiction and Mental Health Services, Board of Developmental Disabilities, and the Juvenile Court. The purpose of the Family and Children First Council is to identify ways in which the Child Serving System can provide services to the community in the most efficient and effective manner. A Council Coordinator has been hired to administrator all of the Family and Children First Programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from the State administrative grant received by the Council and pooled funding derived from each of the Council agencies in the County.

Administrative Council

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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 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. The Council maintains a General Fund for awards to the Council funded from state sources. During 2010 and 2009, the Council Administrative Funds Grant was awarded to the Council.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

The Council maintains a special revenue fund for awards to the Council funded from state sources. During 2010 and 2009, the following programs were awarded to the Council: Help Me Grow; Wellness; and, Family Centered Services and Supports.

D. Fiscal Agent

The Clinton County Department of Job and Family Services serves as the Council's administrative agent. The Clinton County Auditor maintains Council funds in a separate agency fund.

E. Property, Plant, and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

The Council files an annual budget of estimated expenditures with their administrative agent, Clinton County Job and Family Services as required by state law.

G. 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 Clinton County Treasurer maintains a cash pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments, and the County is responsible for meeting compliance requirements. The Council's carrying amount of cash on deposit with the County at December 31, 2010 and 2009 was \$120,462 and \$55,167, respectively.

3. RISK MANAGEMENT

The Council is covered under Clinton County's insurance policy.

4. RELATED PARTY TRANSACTIONS

The Council contracted services to Mental Health and Recovery Center of Clinton County. Mary Alice Lajoie is employed by Mental Health and Recovery Center of Clinton County and also serves as the Coordinator of the CIT team that determines the best course of action and facility of placement for children receiving services arranged by the Family and Children First Council, Clinton County Job and Family Services, Clinton County Juvenile Court, and Mental Health and Recovery Services of Warren and Clinton Counties.



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*

Clinton County Family and Children First Council
Clinton County
1025 S. South Street, Suite 400
Wilmington, Ohio 45177

To the Board of Trustees:

We have audited the financial statements of the Clinton County Family and Children First Council, Clinton County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated October 12, 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 qualified our report because the Council did not provide sufficient documentation supporting certain charges for services receipts and contract services disbursements. Except as discussed in the preceding sentence, 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* 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.

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 consider finding 2010-01 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 intend this report solely for the information and use of management and officials 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

October 12, 2011

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON 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 2010-01

Material Weakness

Auditor of State Bulletin 98-007 states that the Family and Children First Council (the Council) is responsible for maintaining accounting records and such other documentation on its behalf, cash basis financial statements and to demonstrate compliance with applicable laws, regulations and contracts. Both Auditor of State Bulletin 98-007 and Ohio Administrative Code 117-02-02 state that the Council is responsible for the design and implementation of an internal control process that provides reasonable assurance as to the integrity of its financial reporting, the safeguarding of its assets, the efficiency and effectiveness of its operation, its compliance with applicable laws, regulations and contracts.

The Council placed children in different types of care. The Council entered into funding agreements with various agencies to cover the cost of the service provided to the child using the following process:

- The Council first entered into a provider agreement with a vendor to provide services.
- The vendor sent an invoice to the Council for the services provided.
- The Council divided the amount of the invoice per the funding agreement and then created an invoice to bill the parties in accordance with the funding agreement. If a reimbursement amount was received from a party not on the funding agreement, it was applied to the invoice to reduce the amount of each member agency's portion of the bill. Excess amounts of refunds were paid back to the agencies proportionately with the funding agreement.
- Each participating member agency prepared a check made out to the vendor who provided the service. The agencies remitted payments directly to the vendors.

Using this process, the Council did not account for the amounts received and expended for each child to determine that the reimbursements are paid back to the funding agencies on a timely basis. Also, the amount of the payment recorded on the Council's financial ledgers did not match the amount invoiced from the vendor. The Council was unable to determine if an agency remitted payment to the vendor; also, the Council's receipts and disbursements were understated. Adjustments of \$141,225 in 2009 and \$45,886 in 2010 were made to the financial statements and accounting records to record invoiced amounts from the vendors; however, the Council did not provide sufficient evidence to support the charges for services receipts and contract services disbursements. Failure to maintain appropriate accounting records may adversely affect the decisions of management and could result in uncollected funds and inaccurate financial reports. Without this evidential matter to support charges for services receipts and contract services disbursement, we were unable to satisfy ourselves regarding the validity of the underlying transactions through other auditing procedures. Of the total General Fund cash receipts and cash disbursements recorded on the financial statements, charges for services receipts represent 53% and contract services disbursements represent 46% in 2010; and 79% of the charges for services receipts and 69% of contract services disbursements in 2009.

**FINDING NUMBER 2010-01
(Continued)**

We recommend that the Family and Children First Council issue invoices that are made payable to the Council. The Council should record the receipt of the funds from the agencies and pay the bill from the vendor in the amount that the provider agreement states. The Council should reconcile the amount of reimbursements and the amount that was applied to invoices or paid out in a timely manner to ensure that all reimbursements are distributed to the agencies. Reconciliations will help assure that transactions are being properly recorded and help reduce the risk of errors or misappropriation of funds occurring and not being detected in a timely manner.

We did not receive a response from officials to the finding reported above.

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Administrative Code 117-02-02 Improper posting of funding agreement receipts and disbursements	No	Repeated as Finding 2010-01
2008-002	Auditor of State Bulletin 98-007 Improper posting of transactions	No	Partially Corrected. Only those transactions relating to the funding agreements required adjustment (Finding 2010-01).

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Dave Yost • Auditor of State

CLINTON FAMILY AND CHILDREN FIRST COUNCIL

CLINTON 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
NOVEMBER 22, 2011**