



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

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# Dave Yost • Auditor of State

Family and Children First Council  
Knox County  
117 East High Street, 3<sup>rd</sup> Floor  
Mount Vernon, Ohio 43050

To the Member 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

March 17, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Knox County  
117 East High Street, 3<sup>rd</sup> Floor  
Mount Vernon, Ohio 43050

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Knox County, Ohio, (the Council) as of and for the years ended June 30, 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 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 June 30, 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 June 30, 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, Knox County, Ohio, as of June 30, 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 March 17, 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.

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**Dave Yost**  
Auditor of State

March 17, 2011



**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 222,763	\$ 192,865	\$ 415,628
Earnings on Investments	<u>28</u>	<u>-</u>	<u>28</u>
Total Cash Receipts	<u>222,791</u>	<u>192,865</u>	<u>415,656</u>
<b>Cash Disbursements:</b>			
Purchased Services	<u>163,314</u>	<u>226,825</u>	<u>390,139</u>
Total Cash Disbursements	<u>163,314</u>	<u>226,825</u>	<u>390,139</u>
Total Receipts Over/(Under) Disbursements	59,477	(33,960)	25,517
Fund Cash Balances, July 1	<u>26,535</u>	<u>25,662</u>	<u>52,197</u>
<b>Fund Cash Balances, June 30</b>	<b><u><u>\$ 86,012</u></u></b>	<b><u><u>\$ (8,298)</u></u></b>	<b><u><u>\$ 77,714</u></u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 215,578	\$ 394,198	\$ 609,776
Earnings on Investments	53	-	53
<b>Total Cash Receipts</b>	<u>215,631</u>	<u>394,198</u>	<u>609,829</u>
<b>Cash Disbursements:</b>			
Purchased Service	<u>236,681</u>	<u>391,693</u>	<u>628,374</u>
<b>Total Cash Disbursements</b>	<u>236,681</u>	<u>391,693</u>	<u>628,374</u>
Total Receipts Over/(Under) Disbursements	(21,050)	2,505	(18,545)
Fund Cash Balances, July 1	<u>47,585</u>	<u>23,157</u>	<u>70,742</u>
<b>Fund Cash Balances, June 30</b>	<u><u>\$ 26,535</u></u>	<u><u>\$ 25,662</u></u>	<u><u>\$ 52,197</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

Section 121.37, Ohio 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 services 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 county's juvenile court judge senior in service;
- 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 county of its determination at least biennially;
- h. A school superintendent representing all other school district with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair 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 3301.31 of the Revised Code;
- m. 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
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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 council.

**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**A. Description of the Entity (Continued)**

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 services 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 every 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 purpose; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving service within the county system.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**C. 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 reports all financial resources except those required to be accounted for in another fund.

**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from federal or state sources. As of, and for the years ended June 30, 2010 and 2009, the following programs were awarded to the Council: Children's Trust Fund, Help Me Grow, and the FAST grant.

The negative fund balance at June 30, 2010 is due to timing of the receipt of grant revenue and the presentation of Council Administration fund as activity in the General Fund. The General Fund is sufficient to cover the special revenue negative balance.

**D. 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 Deposits and Investments**

During fiscal years 2010 and 2009 the Knox County Headstart maintained a portion of the Council's cash in a separate bank account.

Monies held by Knox County were maintained in a cash pool used by all of Knox County's funds, including those of the Family and Children First Council. Council activity is maintained within the accounts set up in the Knox County Department of Job and Family Services (KCDJFS) Public Assistance Fund.

The carrying amount of cash at June 30 was as follows:

	<u>2010</u>	<u>2009</u>
Knox County Headstart	\$13,202	\$40,892
Knox County Auditor	64,512	11,305
Total deposits	<u>77,714</u>	<u>52,197</u>

**Deposits:** The Knox County Auditor and Knox County Headstart, as the fiscal agent for the Council, are responsible for maintaining adequate collateral for all funds of the Council.

**3. Budgetary Activity**

The Council submits annual budgets to the fiscal agents as required by Ohio Law. These budgets summarize estimated receipts and disbursements.

**FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity (Continued)**

Budgetary activity for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$131,762	\$222,791	\$91,029
Special Revenue	255,080	192,865	(62,215)
Total	\$386,842	\$415,656	\$28,814

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,971	\$163,314	(\$22,343)
Special Revenue	266,175	226,825	39,350
Total	\$407,146	\$390,139	\$17,007

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,415	\$215,631	\$39,216
Special Revenue	411,032	394,198	(16,834)
Total	\$587,447	\$609,829	\$22,382

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$204,819	\$236,681	(\$31,862)
Special Revenue	431,032	391,693	39,339
Total	\$635,851	\$628,374	\$7,477



# 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*

Family and Children First Council  
Knox County  
117 East High Street, 3<sup>rd</sup> Floor  
Mount Vernon, Ohio 43050

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Knox County, Ohio, (the Council) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated March 17, 2011. 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 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 material weaknesses, as defined above.

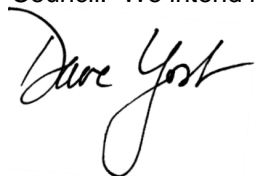
### **Compliance and Other Matters**

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*.

Family and Children First Council  
Knox County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated March 17, 2011.

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

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**Dave Yost**  
Auditor of State

March 17, 2011



FAMILY AND CHILDREN FIRST COUNCIL  
KNOX COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Financial statement presentation	Yes	

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# Dave Yost • Auditor of State

**KNOX FAMILY AND CHILDREN FIRST COUNCIL**

**KNOX 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  
MAY 5, 2011**