



Dave Yost • Auditor of State



**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

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# Dave Yost • Auditor of State

Children and Families First Council  
Licking County  
c/o Licking County Board of Developmental Disabilities  
116 North 22<sup>nd</sup> Street  
Newark, Ohio 43055

To the Members of the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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

February 14, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Children and Families First Council  
Licking County  
c/o Licking County Board of Developmental Disabilities  
116 North 22<sup>nd</sup> Street  
Newark, Ohio 43055

To the Members of the Council:

We have audited the accompanying financial statements of the Children and Families First Council, Licking County, Ohio, (the Council) as of and for the years ended June 30, 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 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 Council 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, 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 June 30, 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 as of June 30, 2011 and 2010 of Children and Families First Council, Licking County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Children and Families First 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 February 14, 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.

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

February 14, 2012

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 138,000	\$ 776,607	\$ 914,607
Miscellaneous	1,091	45,345	46,436
Total Cash Receipts	<u>139,091</u>	<u>821,952</u>	<u>961,043</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	-	134,238	134,238
Contractual Services	99,144	682,370	781,514
Supplies and Materials	-	1,268	1,268
Miscellaneous	-	3,635	3,635
Total Cash Disbursements	<u>99,144</u>	<u>821,511</u>	<u>920,655</u>
Total Receipts Over Disbursements	<u>39,947</u>	<u>441</u>	<u>40,388</u>
Fund Cash Balances, July 1	<u>366,757</u>	<u>239,212</u>	<u>605,969</u>
<b>Fund Cash Balances, June 30</b>			
Restricted	-	239,212	239,212
Assigned	107,819	-	107,819
Unassigned (Deficit)	<u>298,885</u>	<u>-</u>	<u>298,885</u>
Fund Cash Balances, June 30	<u><b>\$ 406,704</b></u>	<u><b>\$ 239,653</b></u>	<u><b>\$ 646,357</b></u>

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

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING 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	\$ 144,310	\$ 846,479	\$ 990,789
Miscellaneous	22,214	96,996	119,210
Total Cash Receipts	<u>166,524</u>	<u>943,475</u>	<u>1,109,999</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	-	143,972	143,972
Contractual Services	152,631	701,329	853,960
Supplies and Materials	-	978	978
Miscellaneous	-	5,562	5,562
Total Cash Disbursements	<u>152,631</u>	<u>851,841</u>	<u>1,004,472</u>
Total Receipts Over Disbursements	13,893	91,634	105,527
Fund Cash Balances, July 1	<u>352,864</u>	<u>147,578</u>	<u>500,442</u>
<b>Fund Cash Balances, June 30</b>	<b><u>\$ 366,757</u></b>	<b><u>\$ 239,212</u></b>	<b><u>\$ 605,969</u></b>

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

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010**

**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 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 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 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 districts 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 per cent 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 the council.

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010  
(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 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 board 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.

CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010  
(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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes.

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either or partially funded from federal or state sources. During 2011 and 2010, the following programs were awarded to the Council: Help Me Grow Grant, Children's Trust Grant, Drug Free Community Grant, and Family and Family Centered Services and Supports Grant.

D. **Fund Balance**

For June 30, 2011, 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. The classifications are as follows:

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.

3. **Committed**

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amend 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 *restricted* 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 Council or a Council official delegated that authority by resolution, or by State Statute.

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010  
(Continued)**

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

**D. Fund Balance (Continued)**

**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.

**E. Administrative/Fiscal Agent**

The Licking County Board of Developmental Disabilities serves as the fiscal agent for the Council's Funds, including but not limited to grants and the Children's Trust Fund. The Licking County Department of Job and Family Services serves as the fiscal agent for the Council's Pooled Funds. Council funds are deposited with the Licking County Treasurer and fund expenditures and balances are reported through the Licking County Auditor.

The Licking County Board of Developmental Disabilities serves as administrative agent.

**F. Property, Plant, and Equipment**

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

**2. CASH**

For the years ended June 30, 2011 and 2010, the Licking County Auditor maintained the cash balances for the Council, which totaled \$646,357 and \$605,969, respectively.

**Deposits:** As required by Ohio Revised Code, the County Treasurer is the custodian for the Council's cash. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carry amount. Cash balances are collateralized as a part of the County's cash management process.

**3. BUDGETARY ACTIVITY**

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

Budgetary activity for the years ending June 30, 2011 and 2010 follows:

**CHILDREN AND FAMILIES FIRST COUNCIL  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,057	\$139,091	\$74,034
Special Revenue	910,920	821,952	(88,968)
Total	\$975,977	\$961,043	(\$14,934)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$248,807	\$99,144	\$149,663
Special Revenue	903,999	821,511	82,488
Total	\$1,152,806	\$920,655	\$232,151

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,118	\$166,524	\$97,406
Special Revenue	933,439	943,475	10,036
Total	\$1,002,557	\$1,109,999	\$107,442

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$269,868	\$152,631	\$117,237
Special Revenue	897,619	851,841	45,778
Total	\$1,167,487	\$1,004,472	\$163,015

**4. CONTINGENT LIABILITIES**

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

**5. ADVANCE FROM LICKING COUNTY COMMISSIONERS**

In February 2007 the Council received a \$30,000 advance from Licking County Commissioners. The advance is to aid the Council in meeting cash flow requirements related to certain grants. Repayment is required only in the event that Council no longer needs the funds or ceases operations.

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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

Children and Families First Council  
Licking County  
c/o Licking County Board of Developmental Disabilities  
116 North 22<sup>nd</sup> Street  
Newark, Ohio

To the Members of the Council:

We have audited the financial statements of the Children and Families First Council, Licking County, Ohio (the Council) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated February 14, 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 we noted the Council in 2011 adopted Governmental Accounting Standard Board Statement No. 54. 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*.

We intend this report solely for the information and use of the audit committee, management, 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

February 14, 2012



# Dave Yost • Auditor of State

**CHILDREN AND FAMILIES FIRST COUNCIL**

**LICKING 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  
MARCH 20, 2012**