



Dave Yost • Auditor of State

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

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Dave Yost • Auditor of State

Clark County Family and Children First Council
Clark County
1345 Lagonda Avenue
Springfield, Ohio 45501

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 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.

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Dave Yost
Auditor of State

September 24, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clark County Family and Children First Council
Clark County
1345 Lagonda Drive
Springfield, Ohio 45501

To the Council:

We have audited the accompanying financial statements of Clark County Family and Children First Council, Clark County, (the Council) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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 December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2011 or 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 December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

As described in Note 4, during 2011 the Clark County Family and Children 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 September 24, 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.

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Dave Yost
Auditor of State

September 24, 2012

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$61,135	\$1,290,388	\$1,351,523
Miscellaneous	29,894		29,894
Total Cash Receipts	91,029	1,290,388	1,381,417
Cash Disbursements:			
Supplies and Materials	13		13
Contract Services		627,940	627,940
Purchased Services	106,683	633,647	740,330
Miscellaneous	1,972		1,972
Total Cash Disbursements	108,668	1,261,587	1,370,255
Net Change in Fund Cash Balances	(17,639)	28,801	11,162
Fund Cash Balances, January 1	40,839	422,532	463,371
Fund Cash Balances, December 31:			
Non-spendable			
Restricted		451,333	451,333
Committed			
Assigned			
Unassigned (Deficit)	23,200		23,200
Fund Cash Balances, December 31	\$23,200	\$451,333	\$474,533

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

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$59,026	\$1,866,175	\$1,925,201
Miscellaneous	23,631		23,631
Total Cash Receipts	<u>82,657</u>	<u>1,866,175</u>	<u>1,948,832</u>
Cash Disbursements:			
Supplies and Materials	278		278
Contract Services		802,643	802,643
Purchased Services	112,065	1,187,213	1,299,278
Miscellaneous	4,176		4,176
Total Cash Disbursements	<u>116,519</u>	<u>1,989,856</u>	<u>2,106,375</u>
Net Change in Fund Cash Balances	(33,862)	(123,681)	(157,543)
Fund Cash Balances, January 1	<u>74,701</u>	<u>546,213</u>	<u>620,914</u>
Fund Cash Balances, December 31:			
Restricted		422,532	422,532
Unassigned (Deficit)	40,839		40,839
Fund Cash Balances, December 31	<u>\$40,839</u>	<u>\$422,532</u>	<u>\$463,371</u>

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

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- (a) At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership.
- (b) 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council.
- (c) The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- (d) The director of the county department of job and family services;
- (e) The executive director of the public children services agency;
- (f) The superintendent of the county board of developmental disabilities;
- (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 board of county commissioners 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 municipal corporation with the largest population in the county;
- (j) The president 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 3301.32 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 "Individuals with Disabilities Education Act of 2004";
- (n) A representative of a local nonprofit entity that funds, advocates, or provides services to children and families

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.

The purpose of the county council is to streamline and coordinate existing government services for families seeking services for their children. 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;

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

- 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;
- f. Establish a mechanism to ensure ongoing input from a Board representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING

A. Basis of Accounting

These financial statements follow the basis of accounting 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 adequately disclose material matters the Auditor of State's accounting basis requires.

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts.

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. It is used to account for all financial resources, except those required by law or contract to be restricted.

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The following are the significant Special Revenue Funds:

Help Me Grow – Used to implement and maintain a coordinated, community based infrastructure that promotes trans-disciplinary, family centered services for expectant parents, newborns, infants, toddlers and their families in collaboration and cooperation with other state and local agencies

Cluster Services – Used for the funding of services for Clark County children and youth deemed in need of residential treatment, therapeutic foster care services or community based, wrap around services.

3. EQUITY IN POOLED CASH

The Clark County Department of Job and Family Services served as fiscal agent for the Council through June 30, 2011. As of July 1, 2011 the Clark County Combined Health District serves as fiscal agent. All of the Council's funds are commingled with Clark County's and the County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and investment amounts.

4. FUND BALANCE

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

A. Non-spendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

B. 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.

C. Committed

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless they 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.

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. FUND BALANCE (Continued)

D. 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.

E. 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.



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

Clark County Family and Children First Council
Clark County
1345 Lagonda Drive
Springfield, Ohio 45501

To the Council:

We have audited the financial statements of the Clark County Family and Children First Council, Clark County, (the Council) as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated September 24, 2012, wherein we noted the Council followed accounting practices the AOS prescribes rather than accounting principles generally adopted in the United States of America and adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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. We consider finding 2011-01 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*.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

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

September 24, 2012

**CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2011-01

The Clark County FCFC changed fiscal agents during fiscal year 2011. During the transition from the Clark County Job and Family Services to the Clark County Health District at July 1 2011, the Council's records changed from reporting all activity as one fund to segregating the activity into 3 separate funds. Errors were made in classifying the fund balances at that time, which required a cash adjustment be made between the funds. The required adjustment as of December 31, 2011 is as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Ledger Balance	\$153,636	\$320,897
Audited Balance	23,200	451,333
Required Adjustment	<u>(\$130,436)</u>	<u>\$130,436</u>

Adjustments were made to the financial statements as revenues and expenditures for Help Me Grow and other smaller grants had to be reclassified from the General Fund to Special Revenue Fund. For example, in fiscal year 2010, \$1,866,175 of Intergovernmental Revenue and \$1,989,856 of expenditures were reclassified from General Fund to Special Revenue Funds. Additionally, in fiscal year 2011, \$935,426 of intergovernmental revenue and \$990,279 of expenditures were reclassified from General Fund to Special Revenue Funds. The accompanying financial statements have been adjusted accordingly.

The Council's books have been adjusted to reflect the adjusted balances.

Official Response:

The Clark County Combined Health District as the fiscal agent of Clark County FCFC will make the adjustments as recommended by the Auditor of State. Subsequently during the 2012 calendar year, we will seek to obtain verification from all funders that monies left in the Special Revenue funds after the end of calendar year 2012 may be retained by the FCFC for use in the General Fund. When all funders have agreed, the appropriate amount will be warranted from the Special Revenue funds to the General Fund

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CLARK COUNTY FAMILY AND CHILDREN FIRST COUNCIL

CLARK 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 8, 2012**