



Dave Yost • Auditor of State

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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Dave Yost • Auditor of State

Family, Adult and Children First Council
Fairfield County
108 West Main Street, Suite B
Lancaster, Ohio 43130

To the Council Members:

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.

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

Dave Yost
Auditor of State

February 16, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family, Adult and Children First Council
Fairfield County
108 West Main Street, Suite B
Lancaster, Ohio 43130

To the Council Member:

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

As described in Note 5, 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 16, 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 16, 2012

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 30,328	\$ 1,229,231	\$ 1,259,559
Charges for Services	1,665	-	1,665
Donations	-	8,628	8,628
Miscellaneous Receipts	675	566	1,241
	<u>32,668</u>	<u>1,238,425</u>	<u>1,271,093</u>
Total Cash Receipts			
	<u>32,668</u>	<u>1,238,425</u>	<u>1,271,093</u>
Cash Disbursements:			
Current:			
Personal Services	14,832	278,671	293,503
Fringe Benefits	5,610	122,121	127,731
Supplies and Materials	2,325	2,065	4,390
Purchased Services	4,255	923,023	927,278
Training/Travel Expenses	2,063	2,582	4,645
Advertising/Printing	1,823	2,709	4,532
	<u>14,832</u>	<u>1,335,161</u>	<u>1,396,658</u>
Debt Service:			
Repayment of Loan to Primary Government	-	34,579	34,579
	<u>-</u>	<u>34,579</u>	<u>34,579</u>
Total Cash Disbursements			
	<u>30,908</u>	<u>1,365,750</u>	<u>1,396,658</u>
Total Cash Receipts Over/(Under) Cash Disbursements	1,760	(127,325)	(125,565)
Other Financing Receipts:			
Loan From Primary Government	-	35,347	35,347
	<u>-</u>	<u>35,347</u>	<u>35,347</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	1,760	(91,978)	(90,218)
Fund Cash Balances, July 1	7,838	263,009	270,847
Restated (See Note 5)			
	<u>7,838</u>	<u>263,009</u>	<u>270,847</u>
Fund Cash Balances, June 30			
Restricted	1,064	220,569	221,633
Assigned	4,084	16,459	20,543
Unassigned (Deficit)	4,450	(65,997)	(61,547)
	<u>4,450</u>	<u>(65,997)</u>	<u>(61,547)</u>
Fund Cash Balances, June 30	<u>\$ 9,598</u>	<u>\$ 171,031</u>	<u>\$ 180,629</u>

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

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 20,305	\$ 1,266,637	\$ 1,286,942
Miscellaneous Receipts	782	919	1,701
Total Cash Receipts	<u>21,087</u>	<u>1,267,556</u>	<u>1,288,643</u>
Cash Disbursements:			
Current:			
Personal Services	14,453	260,081	274,534
Fringe Benefits	4,626	103,348	107,974
Supplies and Materials	1,149	6,220	7,369
Purchased Services	2,858	802,217	805,075
Rent	-	3,501	3,501
Training/Travel Expenses	1,535	3,682	5,217
Advertising/Printing	425	5,042	5,467
Total Cash Disbursements	<u>25,046</u>	<u>1,184,091</u>	<u>1,209,137</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(3,959)	83,465	79,506
Other Financing Receipts:			
Loan From Primary Government	-	25,579	25,579
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(3,959)	109,044	105,085
Fund Cash Balances, July 1	<u>9,857</u>	<u>155,905</u>	<u>165,762</u>
Fund Cash Balances, June 30	<u>\$ 5,898</u>	<u>\$ 264,949</u>	<u>\$ 270,847</u>

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

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 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, the director 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 job and family services;
- d. The executive director of the county agency responsible for the administration of child protective 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 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 Act of 2004";
- 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 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 family 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 "Individuals with Disabilities Act of 2004";

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- 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 broad representation of families who are receiving services within the county system.

The Council participates in the County Risk Sharing Authority, Inc. (CORSA) public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

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

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash

As required by Ohio Revised Code, the Fairfield County Treasurer is custodian for the Council's cash. The County's cash and investment pool holds the Council's assets, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. These funds are used to segregate cash that are restricted as to use. The Council categorizes its funds as governmental funds. Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the Councils governmental funds:

General Fund

The General Fund is used to account for and report all financial resources except those required to be accounted for in another fund. The General Fund Balance is available to the Council for any purpose provided it is expended according to the general laws of Ohio.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Council had the following significant Special Revenue Funds:

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Help Me Grow Grant - This fund receives monies for the purpose of the grant provisions.

Multi System Youth Pooled Grant - This fund receives monies for the purpose of the grant provisions.

E. 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.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

The Fairfield 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. The Council's carrying amount of cash on deposit with the County at June 30, 2011 and June 30, 2010 was \$180,629 and \$270,847 respectively. The Fairfield County Treasurer is responsible for all risks associated with the Council's deposits.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2011 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,674	\$21,001	\$16,673
Special Revenue	1,394,566	1,285,439	109,127
Total	\$1,432,240	\$1,306,440	\$125,800

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,515	\$28,627	(\$1,112)
Special Revenue	1,528,457	1,506,401	22,056
Total	\$1,555,972	\$1,535,028	\$20,944

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Budgetary activity for the year ended June 30, 2010 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,257	\$21,087	\$62,170
Special Revenue	1,331,728	1,293,135	38,593
Total	\$1,414,985	\$1,314,222	\$100,763

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,677	\$28,218	\$8,459
Special Revenue	1,998,685	1,289,762	708,923
Total	\$2,035,362	\$1,317,980	\$717,382

Note: For June 30, 2011, actual receipts per the above Budgetary activity do not include the changes in fund structure resulting from the implementation of GASB 54 that are reflected in the Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances all Governmental Fund Types for the fiscal year ended June 30, 2011.

4. FUND BALANCE

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion include items that are not expected to be converted to cash. The Council did not have any nonspendable fund balances.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grants, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council’s Board. Those committed amounts cannot be used for any other purpose unless the Council’s Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Council did not have any committed fund balances.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In special revenue funds, other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Council’s Board.

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

4. FUND BALANCE (Continued)

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classification. In the special revenue funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the general fund and all other special revenue funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue Funds</u>	<u>Total</u>
<i>Restricted for</i>			
Community Services	\$1,064	\$0	\$1,064
Help Me Grow	0	46,869	46,869
Early Childhood Mental Health	0	182	182
Multi-System Youth Pooled	0	151,756	151,756
Strategic Prevention Framework	0	1,907	1,907
Community Partners	0	171	171
Rhisco	0	18,533	18,533
Parents Who Host	0	749	749
Suicide Coalition	0	401	401
Pioneer Tobacco	0	1	1
<i>Total Restricted</i>	<u>1,064</u>	<u>220,569</u>	<u>221,633</u>
<i>Assigned to</i>			
Childrens Committee	0	16,459	16,459
Other Purposes	4,084	0	4,084
<i>Total Assigned</i>	<u>4,084</u>	<u>16,459</u>	<u>20,543</u>
<i>Unassigned (Deficit)</i>	<u>4,450</u>	<u>(65,997)</u>	<u>(61,547)</u>
<i>Total Fund Balances</i>	<u>\$9,598</u>	<u>\$171,031</u>	<u>\$180,629</u>

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

5. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

Change in Accounting Principle

For fiscal year 2011, the Council has implemented Governmental Accounting Standard Board (GASB) Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the Council's financial statements.

Restatement of Prior Year's Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the general and special revenue funds as they were previously reported.

	General	Special Revenue Funds	Total
Fund Balance at June 30, 2010	\$5,898	\$264,949	\$270,847
Change in Fund Structure	1,940	(1,940)	0
Adjusted Fund Balance at June 30, 2010	\$7,838	\$263,009	\$270,847

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. Council has contributed 93 percent of their required contributions at June 30, 2011.

7. PUBLIC ENTITY RISK POOL

County Risk Sharing Authority, Inc. (CORSA)

The County Risk Sharing Authority, Inc. (CORSA) is a shared risk pool among forty-one counties in Ohio. CORSA was formed as an Ohio non-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Members agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

7. PUBLIC ENTITY RISK POOL (Continued)

County Risk Sharing Authority, Inc. (CORSA) (Continued)

includes comprehensive general liability, automobile liability, certain property insurance, and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, which will be cast by a designated representative. An elected board of not more than nine trustees manages the affairs of the Corporation. Only County Commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any time. Each member's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the members' obligations to make coverage payments to CORSA. The participating members have no responsibility for the payment of the certificates. The Council does not have an equity interest in CORSA.

8. OTHER EMPLOYER BENEFITS

The Council provides health, drug, dental, vision, and Employee Assistance Program (EAP) family and single insurance coverage purchased through the Franklin County Cooperative for all eligible employees. Health is provided by United HealthCare, drug is provided by Express Scripts, dental is provided by Aetna, vision is provided by Vision Service Plan, and EAP is provided by United Behavioral Health. The Council pays monthly premiums for employees at varying percentages based on employee contracts.

The Council provides life insurance and accidental death and dismemberment insurance to most employees through the Standard Insurance Company.

9. OTHER COMMITMENTS

The Council utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end are carried over, and need not be reappropriated. At June 30, 2010, the Council reserved (encumbered) appropriations when individual commitments are made. Encumbrances outstanding at June 30, 2011 may be reported as part of restricted, committed, or assigned classifications of fund balance. At June 30, 2011 and June 30, 2010, the Council's commitments for encumbrances in the governmental funds were as follows:

	June 30, 2011	June 30, 2010
Fund	Encumbrances	Encumbrances
General	\$ 2,793	\$ 3,172
Special Revenue	135,578	105,671
Total	\$ 138,371	\$ 108,843

**FAMILY, ADULT AND CHILDREN FIRST COUNCIL
FAIRFIELD COUNTY**

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

10. CONTINGENT LIABILITIES

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

11. LOAN FROM PRIMARY GOVERNMENT

The Fairfield County Commissioners made interest free loans to the Council totaling \$25,579 and \$35,347 during FY10 and FY11, respectively. The monies were used to meet the financial obligations of the Council while waiting for Help Me Grow Federal Stimulus (ARRA) grant reimbursements. The FY10 loan of \$25,579 was repaid on October 6, 2010. The FY11 loan of \$35,347 was repaid on February 8, 2011 in the amount of \$9,000 and on August 30, 2011 in the amount of \$26,347.



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, Adult and Children First Council
Fairfield County
108 West Main Street, Suite B
Lancaster, Ohio 43130

To the Council Members:

We have audited the financial statements of Family, Adult and Children First Council, Fairfield County, (the Council) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated February 16, 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 Standards 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 did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated February 16, 2012.

We intend this report solely for the information and use of management and Council Members. 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

February 16, 2012



Dave Yost • Auditor of State

FAIRFIELD COUNTY FAMILY, ADULT AND CHILDREN FIRST COUNCIL

FAIRFIELD 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 8, 2012**