



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Washington County
202 Davis Avenue
Marietta, Ohio 45750

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

March 27, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Washington County
202 Davis Avenue
Marietta, Ohio 45750

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Washington County, Ohio (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 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 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 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 December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Family and Children First Council, Washington 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 2, during 2011 the 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 March 27, 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

March 27, 2012

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Intergovernmental	\$ 45,650	\$ 489,715	\$ 535,365
Miscellaneous	<u>28,789</u>	<u>21,445</u>	<u>50,234</u>
Total Cash Receipts	<u>74,439</u>	<u>511,160</u>	<u>585,599</u>
Cash Disbursements			
Current:			
Personal Services	66,293	320,807	387,100
Contractual Services	3,681	154,417	158,098
Supplies and Materials	1,930	8,325	10,255
Capital Outlay	330	35,562	35,892
Miscellaneous	<u>1,569</u>	<u>6,219</u>	<u>7,788</u>
Total Cash Disbursements	<u>73,803</u>	<u>525,330</u>	<u>599,133</u>
Total Cash Receipts Over/(Under) Cash Disbursements	636	(14,170)	(13,534)
Fund Cash Balances, January 1	<u>43,329</u>	<u>262,772</u>	<u>306,101</u>
Fund Cash Balances, December 31			
Restricted		248,602	248,602
Assigned	826		826
Unassigned	<u>43,139</u>		<u>43,139</u>
Fund Cash Balances, December 31	<u>\$ 43,965</u>	<u>\$ 248,602</u>	<u>\$ 292,567</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$ 49,369	\$ 595,173	\$ 644,542
Miscellaneous	24,245	23,463	47,708
Total Cash Receipts	<u>73,614</u>	<u>618,636</u>	<u>692,250</u>
Cash Disbursements			
Current:			
Personal Services	60,806	341,270	402,076
Contractual Services	3,734	273,536	277,270
Supplies and Materials	1,175	5,749	6,924
Capital Outlay	305	19,069	19,374
Miscellaneous	268	1,489	1,757
Total Cash Disbursements	<u>66,288</u>	<u>641,113</u>	<u>707,401</u>
Total Cash Receipts Over/(Under) Cash Disbursements	7,326	(22,477)	(15,151)
Fund Cash Balances, January 1	<u>36,003</u>	<u>285,249</u>	<u>321,252</u>
Fund Cash Balances, December 31	<u>\$ 43,329</u>	<u>\$ 262,772</u>	<u>\$ 306,101</u>
Reserve for Encumbrances, December 31	<u>\$ 833</u>	<u>\$ 49,771</u>	<u>\$ 50,604</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any local public or private agency or group that funds, advocates, or provides services to children and families to have a representative become a permanent or temporary member of its County Council. Each County Council must include 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;

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- 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"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

The County's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service shall serve as the judicial advisor to the County Family and Children First Council. The judge may advise the county council on the court's utilization of resources, services or programs provided by the entities represented by the members of the county council and how those resources, services, or programs assist the court in its administration of justice. Service of a judge as a judicial advisor pursuant to this section is a judicial function.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation 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 Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad 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.

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).

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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 that is 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.

2. Special Revenue Funds

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

Help Me Grow Fund - This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

Family and Children First Council Restricted Fund - This fund receives pooled funds from Washington County Juvenile Court, Washington County Children Services Board and Washington County Board of Developmental Disabilities to provide money for placement services for kids.

D. Administrative/Fiscal Agent

The Washington County Board of Commissioners is the designated administrative agent for the Council. The Washington County Auditor is the designated fiscal agent. The Council's funds are maintained by the County in separate Agency Funds.

E. Budgetary Process

The Council files an annual estimate of expenditures and revenue with Washington County, as required by Ohio law. This estimate is adopted by the Council and approved by the Washington County Budget Commission. The Council and County approve any changes made to this estimate during the year.

F. Fund Balance

For December 31, 2011, the 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:

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

1. Nonspendable

Fund balance is 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

Council can commit amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends 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 by resolution, or by State Statute.

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.

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.

G. Property, Plant, and Equipment

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

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Leave

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

2. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Council's cash and investments are maintained by the Washington County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. The carrying amount of cash and investments at December 31 was as follows:

	<u>2011</u>	<u>2010</u>
Demand deposits	<u>\$292,567</u>	<u>\$306,101</u>

All risks associated with such deposits are the responsibility of Washington County.

4. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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. The Council has paid all contributions required through December 31, 2011.

5. RISK MANAGEMENT

The Council is insured through the Washington County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

6. 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.

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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
Washington County
202 Davis Avenue
Marietta, Ohio 45750

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Washington County, Ohio (the Council), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated March 27, 2012, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has 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 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.

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 March 27, 2012.

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

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Dave Yost
Auditor of State

March 27, 2012



Dave Yost • Auditor of State

WASHINGTON FAMILY AND CHILDREN FIRST COUNCIL

WASHINGTON 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
APRIL 12, 2012**