



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2012 and 2011  
Fiscal Years Audited Under GAGAS: 2012 and 2011





# Dave Yost • Auditor of State

To the Council  
Brown County Family & Children First Council  
775 Mount Orab Pike  
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Brown County Family & Children First Council, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Brown County Family & Children First Council is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

July 9, 2013

**Brown County Family & Children First Council**  
**Brown County, Ohio**  
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*For the Fiscal Years Ended December 31, 2012 and 2011*

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### **Independent Auditor's Report**

Brown County Family & Children First Council  
Brown County  
775 Mount Orab Pike  
Georgetown, Ohio 45121

To the Council:

#### **Report on the Financial Statements**

We have audited the accompanying financial statements and related notes of the Brown County Family & Children First Council, Brown County, (the Council), as of and for the years ended December 31, 2012 and 2011.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

### **Opinion on Regulatory Basis of Accounting**

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Brown County Family & Children First Council, Brown County, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

### **Emphasis of Matter**

As described in Note 4 to the financial statements, during 2011, the Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2013, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Council's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
June 7, 2013

**Brown County Family & Children First Council**  
**Brown County**  
*Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2012*

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Intergovernmental	\$ 15,750	\$ 154,785	\$ 170,535
Miscellaneous	1,000	0	1,000
<i>Total Cash Receipts</i>	<u>16,750</u>	<u>154,785</u>	<u>171,535</u>
<b>Cash Disbursements</b>			
Current:			
Contract Services	11,667	0	11,667
Contracts - Providers and Others	1,000	208,482	209,482
Administration	523	0	523
Miscellaneous	120	4,890	5,010
<i>Total Cash Disbursements</i>	<u>13,310</u>	<u>213,372</u>	<u>226,682</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>3,440</u>	<u>(58,587)</u>	<u>(55,147)</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In	1,500	0	1,500
Transfers Out	0	(1,500)	(1,500)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>1,500</u>	<u>(1,500)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	4,940	(60,087)	(55,147)
<i>Fund Cash Balances, January 1</i>	<u>8,924</u>	<u>161,292</u>	<u>170,216</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	101,205	101,205
Unassigned	13,864	0	13,864
<i>Fund Cash Balances, December 31</i>	<u>\$ 13,864</u>	<u>\$ 101,205</u>	<u>\$ 115,069</u>

See accompanying notes to the financial statements.

**Brown County Family & Children First Council**  
**Brown County**  
*Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Intergovernmental	\$ 15,750	\$ 264,756	\$ 280,506
Miscellaneous	750	0	750
<i>Total Cash Receipts</i>	<u>16,500</u>	<u>264,756</u>	<u>281,256</u>
<b>Cash Disbursements</b>			
Current:			
Contract Services	11,371	0	11,371
Contracts - Providers and Others	0	227,577	227,577
Training & Related Costs	176	0	176
Administration	4,162	1,050	5,212
Miscellaneous	150	640	790
<i>Total Cash Disbursements</i>	<u>15,859</u>	<u>229,267</u>	<u>245,126</u>
<i>Excess of Cash Receipts Over /(Under) Cash Disbursements</i>	<u>641</u>	<u>35,489</u>	<u>36,130</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In	3,000	0	3,000
Transfers Out	0	(3,000)	(3,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>3,000</u>	<u>(3,000)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	3,641	32,489	36,130
<i>Fund Cash Balances, January 1</i>	<u>5,283</u>	<u>128,803</u>	<u>134,086</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	161,292	161,292
Unassigned	8,924	0	8,924
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 8,924</u></u>	<u><u>\$ 161,292</u></u>	<u><u>\$ 170,216</u></u>

See accompanying notes to the financial statements.

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Revised Code, Section 121.37, 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 county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- b. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- c. The director of the county department of human services.
- d. The executive director of the county children's services board.
- e. The superintendent of the county board of mental retardation and developmental disabilities.
- f. The administrative or the judge senior in service or his designee for the county's juvenile court.
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county.
- 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 chair of the board of county commissioners, or designee.
- k. A representative of the regional office of the department of youth services.
- l. A representative of the county's head start agencies.
- m. A representative of the county's early intervention collaborative.
- n. At least three individuals whose families are receiving or have received services from an agency which is represented on the council. If possible, 20% of the council's membership should consist of members representing families.
- o. The director of the community mental health board.
- p. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

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

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.

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 families and children;
- d. Participate in the development of a county-wide 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; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

**B. Accounting Basis**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Fund Accounting**

The Council uses fund accounting to segregate cash deposits 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 of the Council. It is used to account for all financial resources, except those required by law or contract to be accounted for in another fund. The Council maintains a General Fund for awards to the Council funded from state sources.

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

**C. Fund Accounting (continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes.

The Council maintains a special revenue fund for awards to the Council funded from state sources. During 2012 and 2011 the following programs were awarded to the Council: Help Me Grow Grant and Children's Services Trust.

**D. Fiscal Agent**

The Brown County Auditor serves as the Council's fiscal agent. The Brown County Department of Job and Family Services serves as the Council's administrative agent.

**E. Service Coordinator**

The purpose of the Council is to identify ways in which the Child Servicing System can provide services to the community in the most efficient and effective manner. A service Coordinator has been hired to coordinate all Family and Children First programs.

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

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Budgetary Process**

The Council files an annual budget of estimated expenditures with their fiscal agent, the Brown County Auditor as required by state law.

**H. 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:

**1. Nonspendable**

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

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

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

**H. Fund Balance (continued)**

**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 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 the Council or a District official delegated that authority 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.

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.

**2. EQUITY IN POOLED CASH**

The Brown 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, and the County is responsible for meeting compliance requirements. The Council's carrying amount of cash on deposit with the County at December 31, 2012 and 2011 was \$115,069 and \$170,216 respectively.

**3. RISK MANAGEMENT**

The Council is covered under Brown County's insurance policy.

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**4. FUND BALANCES**

The Council implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented.

Fund Balances	General Fund	Special Revenue Funds	Total Governmental Funds
<b><u>12/31/2011</u></b>			
<b>Restricted for</b>			
Welcome Home Subsidy	\$0	\$8,000	\$8,000
Children's Trust Fund	0	6,086	6,086
Family Centered Services Grant	0	7,321	7,321
Public Assistance Fund	0	139,885	139,885
Total Restricted	0	161,292	161,292
<b>Unassigned</b>			
General Fund	8,924	0	8,924
Total Fund Balances	\$8,924	\$161,292	\$170,216
<b><u>12/31/2012</u></b>			
<b>Restricted for</b>			
Welcome Home Subsidy	\$0	\$8,000	\$8,000
Children's Trust Fund	0	6,836	6,836
Family Centered Services Grant	0	7,321	7,321
Public Assistance Fund	0	79,048	79,048
Total Restricted	0	101,205	101,205
<b>Unassigned</b>			
General Fund	13,864	0	13,864
Total Fund Balances	\$13,864	\$101,205	\$115,069

**5. TRANSFERS**

During 2012 and 2011 transfers were made from the Help Me Grow Fund and the Welcome Home Fund, respectively, to the General Fund to help cover costs associated with the audit.



**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Required by *Government Auditing Standards***

Brown County Family & Children First Council  
Brown County  
775 Mount Orab Pike  
Georgetown, Ohio 45121

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Brown County Family & Children First Council, Brown County, (the Council) as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, and have issued our report thereon dated June 7, 2013, wherein we noted the Council followed accounting and financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, described in Note 1 and implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**Internal Control Over Financial Reporting**

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### **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, opining 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*.

### **Purpose of this Report**

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
June 7, 2013

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2010-001	Significant Deficiency – Revenue posting errors	Yes	



# Dave Yost • Auditor of State

**BROWN COUNTY FAMILY & CHILDREN FIRST COUNCIL**

**BROWN 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  
JULY 23, 2013**