



Dave Yost • Auditor of State

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Carroll County Family and Children First Council
Carroll County
PO Box 183
Carrollton, Ohio 44615

To the Mandated Member Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Carroll County Family and Children First Council, Carroll County, Ohio (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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 presumably 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 Carroll County Family and Children First Council as of December 31, 2012 and 2011, or the changes in financial position.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Council did not adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements. As a result, the financial statements present aggregate fund balances by fund type, rather than the various fund balance classifications within each fund type

Qualified Opinion on Regulatory Basis of Accounting

Except for the effects of the matter described in the Basis of Qualified Opinion on Regulatory Basis of Accounting paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Family and Children First Council, Carroll County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the year 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2013, 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. That report describes 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 Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

February 6, 2013

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:				
State Subsidy/Grants	\$20,750	\$34,501	\$0	\$55,251
Contractual Charges for Services	3,876	49,928		\$53,804
Memberships				\$0
Miscellaneous	10,602	7,500		\$18,102
Total Cash Receipts	<u>35,228</u>	<u>91,929</u>	<u>0</u>	<u>\$127,157</u>
Cash Disbursements:				
Salaries	10,711	35,423		\$46,134
Fringe Benefits	1,954	9,918		\$11,872
Supplies	1,047	866		\$1,913
Equipment				\$0
Contract Services	15,187	41,661		\$56,848
Facilities		1,268		\$1,268
Travel/Training	354	1,024		\$1,378
Other Expenses	550	22,228		\$22,778
Total Disbursements	<u>29,803</u>	<u>112,388</u>	<u>0</u>	<u>\$142,191</u>
Total Receipts Over/(Under) Disbursements	<u>5,425</u>	<u>(20,459)</u>	<u>0</u>	<u>(\$15,034)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		1,089		
Transfers-Out	(1,089)			
Total Other Financing Receipts/(Disbursements)	<u>(1,089)</u>	<u>1,089</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,336	(19,370)	0	(15,034)
Fund Cash Balances, January 1	<u>41,488</u>	<u>37,860</u>	<u>5,294</u>	<u>\$84,642</u>
Fund Cash Balances, December 31	<u>\$45,824</u>	<u>\$18,490</u>	<u>\$5,294</u>	<u>\$69,608</u>

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

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

	<u>All Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust Funds</u>	
Cash Receipts:				
State Subsidy/Grants	\$32,819	\$33,519	\$0	\$66,338
Contractual Charges for Services	194	66,012		66,206
Memberships				0
Miscellaneous	13,600	6,000	212	19,812
Total Cash Receipts	<u>46,613</u>	<u>105,531</u>	<u>212</u>	<u>152,356</u>
Cash Disbursements:				
Salaries	8,946	35,678		44,624
Fringe Benefits	1,820	9,891		
Supplies	423	702		1,125
Equipment				0
Contract Services	18,279	34,485		52,764
Facilities		1,175		
Travel/Training	90	1,162		1,252
Other Expenses	225	7,931		8,156
Total Disbursements	<u>29,783</u>	<u>91,024</u>	<u>0</u>	<u>107,921</u>
Total Receipts Over/(Under) Disbursements	<u>16,830</u>	<u>14,507</u>	<u>212</u>	<u>31,549</u>
Fund Cash Balances, January 1	<u>24,658</u>	<u>23,353</u>	<u>5,082</u>	<u>53,093</u>
Fund Cash Balances, December 31	<u>\$41,488</u>	<u>\$37,860</u>	<u>\$5,294</u>	<u>\$84,642</u>

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

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, 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. 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;
- b. The health commissioner of the board of health of each city or general health Council 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 children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of developmentally disabled;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county; as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least, three individuals representing the interest 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 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, multidisciplinary, 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;

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. Summary Of Significant Accounting Policies (Continued)

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

The Carroll County Family and Children First Council was organized with the statutory membership on October 1, 1996. The Council's management believes these financial statements present fairly all activities for which the Council is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As required by the Ohio Revised Code, the Council's cash is held and invested by the Carroll County Treasurer who acts as the custodial for Council monies. No investments were held by the Council during the current audit period.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The grants included in the Special Revenue funds are Employment Preparation Program (EPP), ABLE, Training & Quality Control, Youth Employment, Children's Trust Funding, TANF Service Coordination, Children's Cluster, WIA Youth Program, Partnership for Success, Family Centered Services Support, and Non-Behavioral Funding.

3. Private Purpose Trust Funds

Private purpose trust funds account for assets held under an agreement for individuals, private organizations, or other governments which are not available to support the Council's own programs.

The Council's private purpose trust fund is to pay the unemployment compensation of prior employees.

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. Summary Of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that Council file an annual budget with its administrative agent (Carroll County Department of Human Services), with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by State departments in rules or interagency agreements that are applicable to the Council's functions.

The Ohio Revised Code does not require the Council to adopt itemized budgets for the government activities, thus no budgetary statements are presented as part of the financial statements.

F. 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.

G. 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. Equity In Pooled Deposits

The Carroll County Treasurer maintains a cash pool used by all the county's funds, including those of the Carroll County Family and Children First council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2012 was \$69,608 and December 31, 2011 was \$84,641. The Carroll County Auditor and Carroll County Treasurer, as the ultimate fiscal agents for the Council, are responsible for maintain adequate depository collateral for all funds in Carroll County's pooled and deposit accounts. County funds on deposit as of December 31, 2012 and 2011 were fully collateralized as defined under Section 135.37, Ohio Revised Code.

3. Retirement System

Council employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Carroll County Family and Children First Council
Carroll County
PO Box 183
Carrollton, Ohio 44615

To the Mandated Member Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Carroll County Family and Children First Council, Carroll 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 February 6, 2013, wherein we noted the Council followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also qualified our opinion on the financial statements presented in accordance with the special purpose framework because the Council did not adopt the provisions of 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 not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 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. We consider finding 2012-01 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, 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 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.

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
Columbus, Ohio

February 6, 2013

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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GASB 54

<i>Finding Number</i>	2012-01
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MATERIAL WEAKNESS

Governmental Accounting Standards Board (GASB) Statement 54 *Fund Balance Reporting and Governmental Fund Type Definitions* - 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 initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Additionally, AOS Bulletin 2011-004 requires local governments preparing regulatory statements to implement both the new fund balance classifications and the government fund type definitions, as stated in GASB 54.

The Council should ensure that GASB 54 is implemented and reflected on their financial statements.

Official's Response: We did not receive a response from officials related to this matter.

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**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL 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>Explain</i>
2010-01	Proper Classification of Receipts and Disbursements	Yes	

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CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL

CARROLL 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
JUNE 11, 2013**