



Dave Yost • Auditor of State

**JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jefferson Family and Children First Council
Jefferson County
P.O. Box 549
Steubenville, Ohio 43952

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jefferson Family and Children First Council, Jefferson 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 fair 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

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, and changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Jefferson Family and Children First Council, Jefferson 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 discussed in Note 1 to the financial statements, during 2011 the Jefferson Family and Children First 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 January 31, 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

Columbus, Ohio

January 31, 2013

**JEFFERSON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Intergovernmental	\$100,423	\$190,513	\$290,936
Local Contributions	9,000		9,000
<i>Total Cash Receipts</i>	<u>109,423</u>	<u>190,513</u>	<u>299,936</u>
Cash Disbursements			
Contract Services	52,828	203,862	256,690
Salary/fringe	60,151		60,151
Travel	1,961		1,961
Supplies	212		212
Miscellaneous	305		305
<i>Total Cash Disbursements</i>	<u>115,457</u>	<u>203,862</u>	<u>319,319</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,034)</u>	<u>(13,349)</u>	<u>(19,383)</u>
<i>Fund Cash Balances, January 1</i>	<u>119,134</u>	<u>54,327</u>	<u>173,461</u>
Fund Cash Balances, December 31			
Restricted		40,978	40,978
Unassigned (Deficit)	113,100		113,100
<i>Fund Cash Balances, December 31</i>	<u>\$113,100</u>	<u>\$40,978</u>	<u>\$154,078</u>

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

**JEFFERSON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON 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	\$173,906	\$223,271	\$397,177
Local Contributions	8,000		8,000
<i>Total Cash Receipts</i>	<u>181,906</u>	<u>223,271</u>	<u>405,177</u>
Cash Disbursements			
Contract Services	41,638	227,908	269,546
Salary/fringe	59,401		59,401
Travel	2,036		2,036
Supplies	213		213
Miscellaneous	706		706
<i>Total Cash Disbursements</i>	<u>103,994</u>	<u>227,908</u>	<u>331,902</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>77,912</u>	<u>(4,637)</u>	<u>73,275</u>
<i>Fund Cash Balances, January 1</i>	<u>41,222</u>	<u>58,964</u>	<u>100,186</u>
Fund Cash Balances, December 31			
Restricted		54,327	54,327
Unassigned (Deficit)	119,134		119,134
<i>Fund Cash Balances, December 31</i>	<u>\$119,134</u>	<u>\$54,327</u>	<u>\$173,461</u>

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

**JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON 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 a County Family and Children First Council. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals whose families are receiving 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 percent of the council's membership.
- b. The director of the board of alcohol, drug addiction, and mental health services that services 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 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 county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code.
- f. The superintendent of the county board of mental retardation and 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 3301.31 of the Revised Code.

**JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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".
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

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. 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;
- c. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays in 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. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services with the county system.

The Jefferson Family and Children First Council was organized with the required statutory membership on March 1, 1996.

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

B. Accounting Basis

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

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

**JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. 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 is the general operating fund. It is used to account for 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 fund.

- *Help Me Grow Fund* – This fund receives a blended pool of state and federal grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

D. Administrative and Fiscal Agent

Ohio Revised Code Section 121.37(B)(5) requires each County's Council to designate an administrative agency for the Council. The Jefferson County Juvenile Court serves as administrative and fiscal agent for the Council. The District maintains Council's funds in agency funds on the District's financial records. The administrative agent agrees to:

- a. Service as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and
- c. Perform the following on behalf of Council; but only up the expressed approval and direction by Council:
 - Enter into written agreement or administer contract with public or private entities to fulfill Council business
 - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity; and
 - Receive by gift, grant, devise, or bequest any moneys, and other property for the purposes for which the Council is established.

E. Budgetary Process

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

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

F. Fund Balance

For December 31, 2011, 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.

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 or an 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.

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.

**JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL
JEFFERSON COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Jefferson County Auditor maintains a cash pool used by all the County's funds, including those of the Jefferson 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 \$154,078 and December 31, 2011 was \$173,461. The County is responsible for maintaining adequate depository collateral for all funds in their pooled and deposit accounts. County funds on deposit as of December 31, 2011 and 2012 were fully collateralized as defined under section 135.37, Ohio Revised Code.

3. RETIREMENT SYSTEM

The Council employee belongs 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.

4. RISK MANAGEMENT

The Council is insured for general liability and casualty through Jefferson County. The Jefferson County Commissioners maintain comprehensive insurance coverage as a member of a pooled insurance agreement with County Risk Sharing Authority (CORSA).

5. 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.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Jefferson Family and Children First Council
Jefferson County
P.O. Box 549
Steubenville, Ohio 43952

To the 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 Jefferson Family and Children First Council, (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 January 31, 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 noted the Council implemented Government Accounting Standards Board Statement 54, "*Fund Balance and Governmental Type Definitions*" in 2011.

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.

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 Government'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 internal control deficiencies 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 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

January 31, 2013



Dave Yost • Auditor of State

JEFFERSON FAMILY AND CHILDREN FIRST COUNCIL

JEFFERSON 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
MAY 9, 2013**