



***ROSS COUNTY FAMILY AND CHILDREN
FIRST COUNCIL
ROSS COUNTY***

Regular Audit

For the Years Ended December 31, 2012 and 2011

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Ross County Family and Children First Council
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Ross County Family and Children First Council, Ross County, prepared by J.L. Uhrig and Associates, 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 Ross County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 21, 2013

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ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL, ROSS COUNTY

Table of Contents

For the Years Ended December 31, 2012 and 2011

Independent Auditor’s Report..... 1

Financial Statements:

 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

Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards..... 11

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Independent Auditor's Report

Ross County Family and Children First Council
Ross County
475 Western Avenue, Suite B
Chillicothe, OH 45601

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Ross County Family and Children First Council, Ross County (the Council), which comprise the statement of financial position - cash basis, as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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 2 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 2 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 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 the Ross County Family and Children First Council, Ross 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 2.

Emphasis of Matter

As discussed in Note 5 to the financial statements, during 2011 Ross County 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 a report dated April 2, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

April 2, 2013

ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2012

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Intergovernmental	\$45,851	\$298,667	\$344,518
Total Cash Receipts	<u>45,851</u>	<u>298,667</u>	<u>344,518</u>
<u>Cash Disbursements:</u>			
Contract Services	87,647	0	87,647
Help Me Grow	0	256,011	256,011
Children's Trust Fund	0	25,380	25,380
Family Support Services - FAST	0	35,417	35,417
Cluster Flexible Funds	<u>0</u>	<u>526</u>	<u>526</u>
Total Cash Disbursements	<u>87,647</u>	<u>317,334</u>	<u>404,981</u>
Total Cash Receipts Over Cash Disbursements	(41,796)	(18,667)	(60,463)
Fund Cash Balances, January 1	<u>52,657</u>	<u>83,984</u>	<u>136,641</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,861</u></u>	<u><u>\$65,317</u></u>	<u><u>\$76,178</u></u>

See accompanying notes to the financial statements.

ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2011

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Intergovernmental	\$89,671	\$362,374	\$452,045
Total Cash Receipts	<u>89,671</u>	<u>362,374</u>	<u>452,045</u>
<u>Cash Disbursements:</u>			
Contract Services	70,435	0	70,435
Help Me Grow	0	298,198	298,198
Children's Trust Fund	0	21,206	21,206
Family Support Services - FAST	0	30,262	30,262
Cluster Flexible Funds	<u>0</u>	<u>50</u>	<u>50</u>
Total Cash Disbursements	<u>70,435</u>	<u>349,716</u>	<u>420,151</u>
Total Cash Receipts Over (Under) Cash Disbursements	19,236	12,658	31,894
Fund Cash Balances, January 1	<u>33,421</u>	<u>71,326</u>	<u>104,747</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$52,657</u></u>	<u><u>\$83,984</u></u>	<u><u>\$136,641</u></u>

See accompanying notes to the financial statements.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 1 – Reporting Entity

Description of the Entry

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of 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 percent 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 pursuant to Section 5153.15 of the Revised Code;
- 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;
- 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.
- o. The county's juvenile court judge senior in service;

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 1 – Reporting 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.

The purpose of the county council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a county council shall provide for the following:

- a. Referrals to the cabinet council of those children for whom the county 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. 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;
- d. 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”;
- e. Maintenance of an accountability system to monitor the county council’s progress in achieving results for families and children;
- f. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system;

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

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. 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 prescribed or permitted by the Auditor of State.

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:

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 2 – Summary of Significant Accounting Policies - (Continued)

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.

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 had the following significant funds:

Help Me Grow Fund – This fund receives administrative costs for the program administration of a contract with the Health District.

Family Supportive Services/FAST Fund – This fund receives funds for the purpose of the grant provisions.

Children’s Trust Fund Grant Fund – This fund receives funds for the purpose of the grant provisions.

Cash

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

Fiscal Agent

The Council designated the Ross County Auditor as the fiscal agent for all funds received in the name of the Council. Council funds are deposited with the Ross County Treasurer and fund expenditures and balances are reported through the Ross County Auditor. The Council designated the Ross County Department of Job and Family Services as its administrative agent.

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:

Nonspendable

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

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.

Committed

The Board of Directors can *commit* amounts vial formal action (resolution). The Council must adhere to these commitments unless the Board of Directors 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.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 2 – Summary of Significant Accounting Policies - (Continued)

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 Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

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.

Property, Plant and Equipment

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

Intergovernmental Revenues

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Council's cash basis method of accounting.

Budgetary Process

The Council is required by law to submit a budget annually to its administrative agent, the Ross County Auditor, and the Ross County Board of Commissioners. The Council adopted their budget at the object level. The Council follows the same encumbrance method of accounting as its administrative agent. A summary of budgetary activity appears in Note 4.

Note 3 – Cash and Investments

The fiscal agent maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits with the fiscal agent at December 31 was as follows:

	December 31, 2012	December 31, 2011
Demand Deposits	<u>\$76,178</u>	<u>\$136,641</u>

Deposits: The Demand Deposits are insured by the Federal Depository Insurance Corporation.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2012 and 2011

Note 4 – Budgetary Basis of Accounting

Budgetary activity for the period ended December 31, 2012, and December 31, 2011, follows:

2012 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$102,658	\$45,851	(\$56,807)
Special Revenue	367,582	298,667	(68,915)
<i>Total</i>	<u>\$470,240</u>	<u>\$344,518</u>	<u>(\$125,722)</u>

2012 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,514	\$87,647	(\$10,133)
Special Revenue	348,353	317,334	31,019
<i>Total</i>	<u>\$425,867</u>	<u>\$404,981</u>	<u>\$20,886</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$88,289	\$89,671	\$1,382
Special Revenue	418,282	362,374	(55,908)
<i>Total</i>	<u>\$506,571</u>	<u>\$452,045</u>	<u>(\$54,526)</u>

2011 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,583	\$70,435	\$5,148
Special Revenue	414,714	349,716	64,998
<i>Total</i>	<u>\$490,297</u>	<u>\$420,151</u>	<u>\$70,146</u>

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 5 – Change in Accounting Principle

For 2011, the Council implemented GASB Statement No. 54, “Fund Balances Reporting and Governmental Fund Type Definitions”. The implementation of this statement did not result in any change in the Council’s financial statements.

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Ross County Family and Children First Council
Ross County
475 Western Avenue, Suite B
Chillicothe, OH 45601

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the accompanying financial statements of Ross County Family and Children First Council, Ross County, Ohio (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 April 2, 2013, wherein we noted that the Council followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States America. It was also noted the Council adopted GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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 correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected on a timely basis. 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, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Family and Children First Council
Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such 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

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

Chillicothe, Ohio

April 2, 2013



Dave Yost • Auditor of State

ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

ROSS 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 4, 2013**