



Dave Yost • Auditor of State



**PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
PIKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Position – Cash Basis as of December 31, 2014 .....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2014.....	10
Statement of Cash Basis Assets and Cash Basis Fund Balances – Governmental Funds as of December 31, 2014.....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds For the Year Ended December 31, 2014 .....	12
Statement of Net Position – Cash Basis as of December 31, 2013 .....	13
Statement of Activities – Cash Basis For the Year Ended December 31, 2013.....	14
Statement of Cash Basis Assets and Cash Basis Fund Balances – Governmental Funds as of December 31, 2013.....	15
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds For the Year Ended December 31, 2013 .....	16
Notes to the Basic Financial Statements .....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	25

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Pike County Family and Children First Council  
Pike County  
330 East North Street  
Waverly, Ohio 45690

To the Board:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County Family and Children First Council, Pike County, Ohio (the Council), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pike County Family and Children First Council, Pike County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

*Supplemental and Other Information*

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-7 of the report, and accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2015, 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

June 30, 2015

**Pike County Family and Children First Council  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited**

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The discussion and analysis of the Pike County Family and Children First Council's (the Council) financial performance provides an overview of the Council's financial activities for the years ended December 31, 2014 and 2013, within the limitations of the Council's cash basis of accounting. Please read this in conjunction with the Council's financial statements that begin on page 7 and notes to the basic financial statements which begin on page 11.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- Net position decreased \$12,780.
- The Council receipts for 2014 were \$200,604 plus a carry-over cash balance from 2013 of \$48,489. Cash disbursements for the same period were \$213,384. The ending net position was \$35,709.

Key financial highlights for 2013 are as follows:

- Net position decreased \$12,796.
- The Council receipts for 2013 were \$210,792 plus a carry-over cash balance from 2012 of \$61,285. Cash disbursements for the same period were \$223,588. The ending net position was \$48,489.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Pike County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Council, presenting an aggregate view of the Council's finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Pike County Family and Children First Council  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited**

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**Reporting the Council as a Whole**

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all cash basis financial transactions and asks the question, “How did we do financially?” The statement of net position – cash basis and the statement of activities – cash basis answer this question. These two statements report the Council’s net position on a cash basis and changes in the net position. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

In the statement of net position-cash basis and the statement of activities-cash basis, all of the Council’s activities are considered to be Governmental Activities.

- Governmental Activities – The Council’s only programs and associated services are reported here.

**Reporting the Council’s Fund Financial Statements**

Fund Financial Statements

The analysis of the Council’s major funds begins on page 6. Fund financial statements provide detailed information about the Council. The Council’s activities are reported in the fund financial statements, which focus on how money flows and the balances left at year-end available for spending in future periods. These fund financial statements are reported on the cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council’s mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council’s most significant funds with all other non-major funds presented in total in one column. For the Council, the General Fund, the GRF – Help Me Grow Fund, Part C – Help Me Grow Fund, and the Family Centered Services Fund are all reported as major funds.

**The Council as a Whole**

Recall that the statement of net position-cash basis provides the perspective of the Council as a whole. Table 1 provides a summary of the Council’s net position for 2014 as compared to 2013.

**Table 1  
Net Position**

	Governmental Activities		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
ASSETS:			
Equity in Pooled Cash	\$35,709	\$48,489	\$61,285
NET POSITION:			
Restricted for Other	21,411	32,464	51,638
Unrestricted	<u>14,298</u>	<u>16,025</u>	<u>9,647</u>
Total net position	<u>\$35,709</u>	<u>\$48,489</u>	<u>\$61,285</u>

Total assets and net position decreased \$12,780 as cash disbursements exceeded cash receipts in 2014.

**Pike County Family and Children First Council  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited**

Table 2 shows the changes in net position for the fiscal years 2014 and 2013.

**Table 2  
Changes in Net Position**

	<b>Governmental Activities</b>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>CASH RECEIPTS:</b>			
Program Cash Receipts			
Operating Grants and Contributions	<u>\$199,811</u>	<u>\$203,371</u>	<u>\$243,558</u>
Total Program Cash Receipts	<u>199,811</u>	<u>203,371</u>	<u>243,558</u>
General Cash Receipts			
Donations	0	5,000	0
Miscellaneous	<u>793</u>	<u>2,421</u>	<u>826</u>
Total Cash Receipts	<u>200,604</u>	<u>210,792</u>	<u>244,384</u>
<b>CASH DISBURSEMENTS:</b>			
Family Assistance:			
Salaries and Benefits	155,920	153,999	135,571
Contracts-Services	48,538	63,083	227,958
Other	<u>8,926</u>	<u>6,506</u>	<u>9,045</u>
Total Cash Disbursements	<u>213,384</u>	<u>223,588</u>	<u>372,574</u>
<b>CHANGE IN NET POSITION</b>	(12,780)	(12,796)	(128,190)
<b>NET POSITION BEGINNING OF YEAR</b>	<u>48,489</u>	<u>61,285</u>	<u>189,475</u>
<b>NET POSITION END OF YEAR</b>	<u>\$35,709</u>	<u>\$48,489</u>	<u>\$61,285</u>

Operating grants and contributions provided for 99.6% of total cash receipts during 2014.

Net position decreased by \$12,780 during 2014 primarily because disbursements exceeded receipts. The decrease in disbursements is due to a reduction of service contracts being paid by the Council during the current year from grant monies received as compared to previous years.

Operating grants and contributions provided for 96.5% of total cash receipts during 2013.

Net position decreased by \$12,796 during 2013 primarily because of decrease in operating grants and a decrease in disbursements. The decrease in disbursements is due to a reduction of service contracts being paid by the Council during the current year from grant monies received as compared to previous years.

**Pike County Family and Children First Council  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited**

The statement of activities – cash basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by other miscellaneous receipts.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services - 2014</b>	<b>Net Cost of Services - 2014</b>	<b>Total Cost of Services - 2013</b>	<b>Net Cost of Services - 2013</b>	<b>Total Cost of Services - 2012</b>	<b>Net Cost of Services - 2012</b>
<b>Family Assistance: Salaries and Benefits</b>	<b>\$155,920</b>	<b>\$18,784</b>	<b>\$153,999</b>	<b>\$16,051</b>	<b>\$135,571</b>	<b>\$ (5,365)</b>
<b>Contracts – Services</b>	<b>48,538</b>	<b>(4,356)</b>	<b>63,083</b>	<b>3,337</b>	<b>227,958</b>	<b>134,773</b>
<b>Other</b>	<b><u>8,926</u></b>	<b><u>(855)</u></b>	<b><u>6,506</u></b>	<b><u>829</u></b>	<b><u>9,045</u></b>	<b><u>(392)</u></b>
<b>Total Disbursements</b>	<b><u>\$213,384</u></b>	<b><u>\$13,573</u></b>	<b><u>\$223,588</u></b>	<b><u>\$20,217</u></b>	<b><u>\$372,574</u></b>	<b><u>\$129,016</u></b>

**The Council's Fund Financial Statements**

The Council's fund financial statements are accounted for using the cash basis of accounting. In 2014, the fund financial statements had total receipts of \$200,604 and disbursements of \$213,384. The financial statements had a decrease in the cash balance of \$12,780 from the 2013 year-end cash balance, mainly due to cash receipts being less than cash disbursements.

In 2013, the fund financial statements had total receipts of \$210,792 and disbursements of \$223,588. The financial statements had a decrease in the cash balance of \$12,796 from the 2012 year-end cash balance, mainly due to a decrease in cash receipts and a decrease in cash disbursements.

In 2014, the General Fund had a decrease in fund cash balance of \$1,727. The GRF – Help Me Grow Fund and the Part C – Help Me Grow Fund had decreases in fund cash balances of \$13,433 and \$5,736 respectively. The Family Centered Services Fund had an increase in fund cash balance of \$8,116.

In 2013, the General Fund had an increase in fund cash balance of \$6,378. The GRF – Help Me Grow Fund, the Part C – Help Me Grow Fund and the Family Centered Services Fund had decreases in fund cash balances of \$12,765, \$3,344, and \$2,324, respectively.

In 2014, the most significant change in fund cash balance was in the GRF – Help Me Grow Fund. This is due to the increase of salaries and benefits expenses during 2014.

In 2013, the most significant change in fund cash balance was in the GRF – Help Me Grow Fund. This is due to the increase of salaries and benefits expenses during 2013.

**Capital Assets and Debt Administration**

The Council has no capital assets and no debt.

**Economic Factors**

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

**Pike County Family and Children First Council  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
Unaudited**

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**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Allen, at the Pike County Board of Developmental Disabilities, 330 East North Street, Waverly, Ohio 45690.

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**Pike County Family and Children First Council**  
**Statement of Net Position - Cash Basis**  
**As of December 31, 2014**

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<b>Assets</b>	
Equity in Pooled Cash	<u>\$35,709</u>
Total Assets	<u>35,709</u>
<b>Net Position</b>	
Restricted for Other Purposes	21,411
Unrestricted	<u>14,298</u>
Total Net Position	<u><u>\$35,709</u></u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2014**

	Cash	Program Cash Receipts	Net (Disbursements)
	Disbursements	Operating Grants and	Receipts and Changes
		Contributions	in Net Position
			Governmental Activities
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$155,920	\$137,136	(18,784)
Contracts-Services	48,538	52,894	4,356
Other	8,926	9,781	855
Total Governmental Activities	<u>\$213,384</u>	<u>\$199,811</u>	<u>(13,573)</u>
		General Receipts:	
		Miscellaneous	793
		Change in Net Position	(12,780)
		Net Position Beginning of Year	48,489
		Net Position End of Year	<u>\$35,709</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds**  
**As of December 31, 2014**

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
<b>Cash Basis Assets</b>						
Equity in Pooled Cash	\$14,298	\$9,024	\$1,018	\$9,920	\$1,449	\$35,709
Total Cash Basis Assets	<u>\$14,298</u>	<u>\$9,024</u>	<u>\$1,018</u>	<u>\$9,920</u>	<u>\$1,449</u>	<u>\$35,709</u>
<b>Cash Basis Fund Balances</b>						
Restricted	\$0	\$9,024	\$1,018	\$9,920	\$1,449	\$21,411
Unassigned	14,298	0	0	0	0	14,298
Total Cash Basis Fund Balances	<u>\$14,298</u>	<u>\$9,024</u>	<u>\$1,018</u>	<u>\$9,920</u>	<u>\$1,449</u>	<u>\$35,709</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>						
Grants	\$15,750	\$85,194	\$55,473	\$28,394	\$15,000	\$199,811
Miscellaneous	209	0	382	202	0	793
Total Cash Receipts	<u>15,959</u>	<u>85,194</u>	<u>55,855</u>	<u>28,596</u>	<u>15,000</u>	<u>200,604</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	336	93,813	61,429	342	0	155,920
Contract - Services	17,350	0	0	16,188	15,000	48,538
Other	0	4,814	162	3,950	0	8,926
Total Cash Disbursements	<u>17,686</u>	<u>98,627</u>	<u>61,591</u>	<u>20,480</u>	<u>15,000</u>	<u>213,384</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	(1,727)	(13,433)	(5,736)	8,116	0	(12,780)
Fund Cash Balances, January 1	<u>16,025</u>	<u>22,457</u>	<u>6,754</u>	<u>1,804</u>	<u>1,449</u>	<u>48,489</u>
Fund Cash Balances, December 31	<u>\$14,298</u>	<u>\$9,024</u>	<u>\$1,018</u>	<u>\$9,920</u>	<u>\$1,449</u>	<u>\$35,709</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Net Position - Cash Basis**  
**As of December 31, 2013**

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**Assets**

Equity in Pooled Cash	<u>\$48,489</u>
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Total Assets	<u>48,489</u>
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**Net Position**

Restricted for Other Purposes	32,464
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Unrestricted	<u>16,025</u>
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Total Net Position	<u><u>\$48,489</u></u>
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See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2013**

	Cash	Program Cash Receipts	Net (Disbursements)
	Disbursements	Operating Grants and	Receipts and Changes
		Contributions	in Net Position
			Governmental Activities
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$153,999	\$137,948	(16,051)
Contracts-Services	63,083	59,746	(3,337)
Other	6,506	5,677	(829)
Total Governmental Activities	<u>\$223,588</u>	<u>\$203,371</u>	<u>(20,217)</u>
		General Receipts:	
		Donations	5,000
		Miscellaneous	2,421
		Change in Net Position	(12,796)
		Net Position Beginning of Year	61,285
		Net Position End of Year	<u>\$48,489</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds**  
**As of December 31, 2013**

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
<b>Cash Basis Assets</b>						
Equity in Pooled Cash	\$16,025	\$22,457	\$6,754	\$1,804	\$1,449	\$48,489
Total Cash Basis Assets	<u>\$16,025</u>	<u>\$22,457</u>	<u>\$6,754</u>	<u>\$1,804</u>	<u>\$1,449</u>	<u>\$48,489</u>
<b>Cash Basis Fund Balances</b>						
Restricted	\$0	\$22,457	\$6,754	\$1,804	\$1,449	\$32,464
Unassigned	16,025	0	0	0	0	16,025
Total Cash Basis Fund Balances	<u>\$16,025</u>	<u>\$22,457</u>	<u>\$6,754</u>	<u>\$1,804</u>	<u>\$1,449</u>	<u>\$48,489</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
<b>Cash Receipts:</b>						
Grants	\$15,750	\$77,098	\$67,067	\$28,949	\$14,507	\$203,371
Donations	5,000	0	0	0	0	5,000
Miscellaneous	1,249	476	455	241	0	2,421
Total Cash Receipts	<u>21,999</u>	<u>77,574</u>	<u>67,522</u>	<u>29,190</u>	<u>14,507</u>	<u>210,792</u>
<b>Cash Disbursements:</b>						
Current:						
Salaries and Benefits	352	83,977	69,331	339	0	153,999
Contract - Services	15,269	1,195	196	31,175	15,248	63,083
Other	0	5,167	1,339	0	0	6,506
Total Cash Disbursements	<u>15,621</u>	<u>90,339</u>	<u>70,866</u>	<u>31,514</u>	<u>15,248</u>	<u>223,588</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	6,378	(12,765)	(3,344)	(2,324)	(741)	(12,796)
Fund Cash Balances, January 1	<u>9,647</u>	<u>35,222</u>	<u>10,098</u>	<u>4,128</u>	<u>2,190</u>	<u>61,285</u>
Fund Cash Balances, December 31	<u>\$16,025</u>	<u>\$22,457</u>	<u>\$6,754</u>	<u>\$1,804</u>	<u>\$1,449</u>	<u>\$48,489</u>

See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**A. Description of the Council**

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

- a. At least three individuals 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 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 Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;
- h. 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;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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**1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)**

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. A representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

**B. Reporting Entity**

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

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

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received and when cash is paid rather than when a liability is incurred.

The Council's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net position – cash basis and the statement of activities-cash basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position – cash basis presents the financial condition of the governmental activities of the Council at year-end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Council's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general cash receipts of the Council.

**2. Fund Financial Statements**

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**3. Fund Accounting**

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

**4. Governmental Funds**

Governmental funds are those through which all governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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

**General Fund** – The General Fund accounts for all financial resources except those not accounted for and reported in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Council.

**GRF - Help Me Grow Fund** – The GRF Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from State grant monies for early intervention programs from the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

**Part C - Help Me Grow Fund** – The Part C Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from Federal grant monies for early intervention programs passed through the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

**Family Centered Services Fund** – The Family Centered Services Fund is used to account for receipts received and disbursed from grant monies for the Family Centered and Support Services Program. The fund replaces the former ADAMH Fund. The primary source of revenue for this fund is grant receipts.

The other governmental funds of the Council account for grants and other resources whose use is restricted to a particular purpose.

**5. Measurement Focus**

The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

**6. Basis of Accounting**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**7. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as 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.

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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

*Committed* The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

*Unassigned* Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

**B. Administrative/Fiscal Agent**

The Pike County Board of Developmental Disabilities is designated as the fiscal and administrative agent for the Council. Council funds are maintained by the Pike County Auditor in separate funds.

**C. Equity in Pooled Cash**

The Council's cash is maintained by the Board of Developmental Disabilities (DD), its statutory fiscal agent. The Pike County Auditor, the DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2014 and 2013, the Council's share of the County's cash pool was as follows:

	<u>2014</u>	<u>2013</u>
Equity in Pooled Cash	\$35,709	\$48,489

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

**D. Budgetary Activity**

The Council files an annual estimate of expenditures with the Board of Developmental Disabilities (DD) as required by law. This estimate is adopted by the Board. The Fiscal Officer of the DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations.

**E. Capital Assets**

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

**Pike County Family and Children First Council  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014 and 2013**

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

**F. Long-Term Debt Obligations**

The Council did not have any bonds or other long-term debt obligations.

**G. Net Position**

These statements report restricted net position when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Council's \$21,411 and \$32,464 in restricted net position for 2014 and 2013, respectively, none is restricted by enabling legislation.

**3. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**4. RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2014 and 2013, the Council was covered through Pike County who contracted with the Buckeye Joint-County Self-Insurance Council for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile - Liability	-	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$35,958,858 and \$34,361,511 for 2014 and 2013, respectively, and other property insurance including \$1,000,000 for extra expenses.

Health insurance was provided by a private carrier, Medical Mutual of Ohio, for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

The Council through their coverage with the County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**5. FUND BALANCES**

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 governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented on the following page:

For the year ending December 31, 2014:

Fund Balances	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	All Other Governmental	Total Governmental Funds
<b>Restricted for</b>						
Other Purposes	\$0	\$9,024	\$1,018	\$9,920	\$1,449	\$21,411
Total Restricted	<u>0</u>	<u>9,024</u>	<u>1,018</u>	<u>9,920</u>	<u>1,449</u>	<u>21,411</u>
<b>Unassigned</b>	<u>14,298</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,298</u>
Total Fund Balances	<u>\$14,298</u>	<u>\$9,024</u>	<u>\$1,018</u>	<u>\$9,920</u>	<u>\$1,449</u>	<u>\$35,709</u>

For the year ending December 31, 2013:

Fund Balances	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	All Other Governmental	Total Governmental Funds
<b>Restricted for</b>						
Other Purposes	\$0	\$22,457	\$6,754	\$1,804	\$1,449	\$32,464
Total Restricted	<u>0</u>	<u>22,457</u>	<u>6,754</u>	<u>1,804</u>	<u>1,449</u>	<u>32,464</u>
<b>Unassigned</b>	<u>16,025</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,025</u>
Total Fund Balances	<u>\$16,025</u>	<u>\$22,457</u>	<u>\$6,754</u>	<u>\$1,804</u>	<u>\$1,449</u>	<u>\$48,489</u>

**6. CHANGES IN ACCOUNTING PRINCIPLES**

For 2013, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62," GASB Statement No. 69, "Government Combinations and Disposals of Government Operations," and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees."

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

**Pike County Family and Children First Council**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

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**6. CHANGES IN ACCOUNTING PRINCIPLES (Continued)**

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 66, 69, and 70 had no effect on the financial statements.



# 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

Pike County Family and Children First Council  
Pike County  
330 East North Street  
Waverly, Ohio 45690

To the Board:

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 governmental activities, each major fund, and the aggregate remaining fund information of Pike County Family and Children First Council, Pike County, (the Council) as of and for the years ended December 31, 2014 and 2103, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 30, 2015, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

### ***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 opinions 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 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 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

June 30, 2015



# Dave Yost • Auditor of State

**PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**PIKE 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 16, 2015**