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## **BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

Basic Financial Statements

Year Ended June 30, 2011

With Independent Auditors' Report





# Dave Yost • Auditor of State

Members of the Council  
Butler County Family and Children First Council  
400 North Erie Blvd, Suite A  
Hamilton, Ohio 45011

We have reviewed the *Independent Auditors' Report* of the Butler County Family and Children First Council, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2010 through June 30, 2011. 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 Auditors' 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 Auditors' 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 Butler County Family and Children First Council is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 30, 2011

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of the  
Butler County Family and Children First Council:

We have audited the accompanying financial statements of the Butler County Family and Children First Council (the Council), as of and for the year ended June 30, 2011, which collectively comprise the Council's basic financial statements. These financial statements are the responsibility of the Council's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Council has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2010. Instead of the combined funds the accompanying financial statements present for the year ended June 30, 2011, the revisions require presenting entity wide statements and also presenting the Council's major funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require councils to reformat their statements. The Council has elected not to reformat its financial statements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Butler County Family and Children First Council as of June 30, 2011, or its changes in financial position thereof for the year then ended.

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Also in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council as of June 30, 2011, and its combined cash receipts and disbursements for the year ended on the basis of accounting described in Note 1.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
December 8, 2011

## BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Combined Statement of Cash Receipts, Cash Disbursements,  
and Changes in Fund Cash Balances - All Governmental Funds  
Year Ended June 30, 2011

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash receipts:</b>			
Intergovernmental - local	\$ -	155,610	155,610
Intergovernmental - state and federal	186,873	1,648,225	1,835,098
Miscellaneous	12,500	669,172	681,672
Advance from fiscal agent	-	18,944	18,944
<b>Total cash receipts</b>	<u>199,373</u>	<u>2,491,951</u>	<u>2,691,324</u>
<b>Cash disbursements:</b>			
Salaries and benefits	182,642	1,277,169	1,459,811
Contractual services	21,872	826,444	848,316
Supplies and materials	513	35,785	36,298
Capital outlay	-	24,093	24,093
Other	200	126,594	126,794
Repayment of advance from fiscal agent	-	79,485	79,485
<b>Total cash disbursements</b>	<u>205,227</u>	<u>2,369,570</u>	<u>2,574,797</u>
Total cash receipts over (under) cash disbursements	(5,854)	122,381	116,527
Fund cash balance, beginning of year	<u>50,845</u>	<u>507,683</u>	<u>558,528</u>
Fund cash balance, end of year	<u>\$ 44,991</u>	<u>630,064</u>	<u>675,055</u>

See accompanying notes to the financial statements.

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to the section 5153.15 of the Revised Code;
- e. The superintendent of the county board of developmental disabilities;
- f. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- g. 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;
- h. A representative of the largest city in the county;
- i. The chair of the board of county commissioners, or an individual designated by the board;
- j. A representative of the regional office of the department of youth services;
- k. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- l. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";

## **BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

### **Notes to the Basic Financial Statements**

**Year Ended June 30, 2011**

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- m. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, 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, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- d. Maintenance of an accountability system to monitor the county council's progress in achieving results for families and children;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system;
- f. Participate in the development of a county service coordination mechanism;
- g. An interagency process to establish local indicators and monitor the county's progress toward increasing child well-being in the county;
- h. An interagency process to identify local priorities to increase child-well. The local priorities shall focus on expectant parents and newborns thrive; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and you successfully transitioning into adulthood and take into account the indicators established by the cabinet council;
- i. An annual plan that identifies the county's interagency efforts to increase child well-being in the county;

# **BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

## **Notes to the Basic Financial Statements**

**Year Ended June 30, 2011**

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- j. On an annual basis, the county council shall submit a report on the status of efforts by the county to increase child well-being in the county to the county's board of county commissioners and the cabinet council. This report shall be made available to any other person on request.

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

### **Council Membership**

The County's Council membership included Children's Services, Board of Alcohol and Drug Addiction Services, Board of Mental Health, Board of Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job and Family Services, family representatives, and the educational community. The purpose of the Family and Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Director has been hired to administer all the Family and Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from a Collaborative Fee agreement derived from the agencies in the County. A Council Coordinator has been hired to support the operation, evaluation and collaborative functions of the Council. The salary of this employee is paid from the State Administrative grant received by the Council and from the Collaborative Fee agreement.

### **Administrative Council**

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

## **B. Basis of Presentation**

This financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2011**

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**C. Fund Accounting**

The Council used fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

*General Fund* - The general fund is the general operating fund of the Council, and it consists of Council managed funds, such as the Mental Health Flexible Fund. The general fund is used to account for all financial resources, except those required to be accounted for in another fund.

*Special Revenue Fund*– These funds were used to account for proceeds from specific sources. This includes Help Me Grow Grants and Community Wraparound.

**D. Fiscal Agent**

The Council designated the Butler County Educational Service Center (ESC) as their fiscal agent for all funds received in the name of the Council. The ESC maintains Council funds in the ESC's cash pool as an agency fund separating grants by special cost centers.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the Butler County Auditor, the ESC and the County Commissioners.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

The Council's cash pool is maintained by the ESC. The Ohio Revised Code prescribes allowable deposits and investments, and the ESC is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the ESC at June 30, 2011 was \$675,055.

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**Notes to the Basic Financial Statements**

**Year Ended June 30, 2011**

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**3. RETIREMENT SYSTEM**

The Council contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocated the current employer contribution rate amount the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds.

**4. RISK MANAGEMENT**

The Council is covered under the Butler County Educational Service Center's insurance policy.

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
 Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2011

<u>Federal Grantor/Program Title</u>	<u>Pass-through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Federal Revenues</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education:</u>				
<i>(Passed through Ohio Department of Education)</i>				
Early Intervention Services Cluster:				
Special Education - Grants for Infants and Families	950011HG0209	84.181	\$ 366,067	301,739
Special Education - Grants for Infants and Families - ARRA	950011HG0209	84.393	<u>248,396</u>	<u>238,768</u>
Total U.S. Department of Education			<u>614,463</u>	<u>540,507</u>
Total Federal Awards			\$ <u>614,463</u>	<u>540,507</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The schedule of expenditures of federal awards is a summary of the activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

**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**

To the Members of the  
Butler County Family and Children First Council:

We have audited the financial statements of the Butler County Family and Children First Council (the Council) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011 wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control over Financial Reporting

Management of the Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combinations of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 agreements, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council and others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Hachett & Co.*

Cincinnati, Ohio  
December 8, 2011

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Members of the  
Butler County Family and Children First Council:

Compliance

We have audited the Butler County Family and Children First Council's (the Council) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Council, as of and for the year ended June 30, 2011, and have issued our report thereon dated December 8, 2011. Our audit was performed for the purpose of forming our opinion on the financial statements that collectively comprise the Council's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Council, management, others within the entity and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clark, Schaefer, Haskett & Co.*

Cincinnati, Ohio  
December 8, 2011

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2011

**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued :	unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Noncompliance material to financial statements noted?	none

**Federal Awards**

Internal Control over major programs:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with 510(a) of Circular A-133?	none
Identification of major programs:	
<i>Early Intervention Services Cluster:</i>	
<i>CFDA 84.181 – Grants for Infants and Families</i>	
<i>CFDA 84.393 – Grants for Infants and Families - ARRA</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	no

**Section II - Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Summary of Prior Audit Findings and Questioned Costs**

None



# Dave Yost • Auditor of State

**BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**BUTLER 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  
JANUARY 12, 2012**