

**HOLMES COUNTY FAMILY AND  
CHILDREN FIRST COUNCIL  
HOLMES COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Holmes County Family and Children First Council  
85 North Grant Street  
Millersburg, Ohio 44654

We have reviewed the *Independent Accountants' Report* of the Holmes County Family and Children First Council, Holmes County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 Accountants' 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 Accountants' 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 Holmes 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

May 25, 2011

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**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

May 6, 2011

Holmes County Family and Children First Council  
Holmes County  
85 North Grant Street  
Millersburg, OH 44654

To the Council:

We have audited the accompanying financial statements of **Holmes County Family and Children First Council**, Holmes County, Ohio, (the Council) as of and for the years ended December 31, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. 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 the State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. 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.

Holmes County Family and Children First Council  
Holmes County  
Independent Accountants' Report  
Page 2

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2010 and 2009 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Holmes County Family and Children First Council, Holmes County, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 May 6, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.



**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 37,227	\$ 345,267	\$ 382,494
Local Contributions	25,458	303,248	328,706
	<u>62,685</u>	<u>648,515</u>	<u>711,200</u>
<b>Cash Disbursements:</b>			
Current:			
Contracted Services	-	458,706	458,706
Personnel	63,359	-	63,359
Other	14	4,937	4,951
	<u>63,373</u>	<u>463,643</u>	<u>527,016</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(688)</u>	<u>184,872</u>	<u>184,184</u>
Fund Cash Balances, January 1	<u>15,118</u>	<u>517,191</u>	<u>532,309</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 14,430</u></b>	<b><u>\$ 702,063</u></b>	<b><u>\$ 716,493</u></b>

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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 35,070	\$ 406,547	\$ 441,617
Local Contributions	25,458	283,248	308,706
Total Cash Receipts	<u>60,528</u>	<u>689,795</u>	<u>750,323</u>
<b>Cash Disbursements:</b>			
Current:			
Contracted Services	-	511,750	511,750
Personnel	63,359	-	63,359
Other	6,758	-	6,758
Total Cash Disbursements	<u>70,117</u>	<u>511,750</u>	<u>581,867</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(9,589)</u>	<u>178,045</u>	<u>168,456</u>
Fund Cash Balances, January 1	<u>24,707</u>	<u>339,146</u>	<u>363,853</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 15,118</u></b>	<b><u>\$ 517,191</u></b>	<b><u>\$ 532,309</u></b>

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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Rev. Code Section 121.37 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 council 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 Ohio Rev. Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioner, 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 Ohio Rev. Code Section 3301.31;
- m. 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;

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

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

**A. Description of the Entity (Continued)**

- n. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- c. Participate in the development of a countrywide, comprehensive, coordinated, multi-disciplinary, inter-agency 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. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Holmes County Family and Children First Council (the Council) was officially created on October 3, 1995, by proclamation of the Governor of the State of Ohio.

The Holmes County Department of Jobs and Family Services serves as administrative agent for the Council, and the Holmes County Auditor serves as the Council's fiscal agent.

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

**2. ACCOUNTING BASIS**

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

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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. ACCOUNTING BASIS (Continued)**

**A. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives grant monies from the Help Me Grow program for the purpose of providing services to families with young children at risk.

Pooled Funds – This fund receives monies from a group consisting of the Holmes County Department of Jobs and Family Services, Holmes County Juvenile Court, Holmes/Wayne Mental Health and Recovery Board, and Holmes County Board of Mental Retardation and Developmental Disabilities for the purpose of providing specialized, multi-need services to specifically identified children in a coordinated, focused fashion.

**B. Administrative Agent/Fiscal Agent**

The Council designates a fiscal agent for all funds received in the name of the Council. The Holmes County Department of Jobs and Family Services serves as the administrative agent for the Council. The Holmes County Auditor is the designated fiscal agent for the Council.

**C. Budgetary Process**

The Ohio Revised Code requires the Council to budget each fund. The Council must file its budget with its administrative agent (Holmes County Department of Jobs and Family Services), the County Auditor, and the Board of County Commissioners.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

**D. Contracted Services**

The Council Coordinator is a paid employee of Holmes County. The funds used to pay the Coordinator's salary are derived from a state administrative grant and local agency membership contributions received by the Council and are reported within a County Agency Fund.

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Holmes County Treasurer maintains a deposit pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2010 and 2009 was \$716,493 and \$532,309, respectively. The Holmes County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Holmes County's pooled and deposit accounts and ensuring that all monies are invested in accordance with Ohio Revised Code.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,055	\$ 62,685	\$ (2,370)
Total	65,055	62,685	(2,370)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 80,173	\$ 63,373	\$ 16,800
Total	80,173	63,373	16,800

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,264	\$ 60,528	\$ (3,736)
Total	\$ 64,264	\$ 60,528	\$ (3,736)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,971	\$ 70,117	\$ 18,854
Total	\$ 88,971	\$ 70,117	\$ 18,854

The Council's Special Revenue Funds are budgeted at the County level.

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Council Coordinator is a member of the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10.0% of their gross salaries, and the Council contributed an amount equal to 14% of members' gross salaries. The Council has paid all contributions required through December 31, 2010.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

May 6, 2011

Holmes County Family and Children First Council  
Holmes County  
85 North Grant Street  
Millersburg, OH 44654

To the Council:

We have audited the financial statements of **Holmes County Family and Children First Council**, Holmes County, Ohio (the Council) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 6, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined 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 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 more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

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 material weaknesses, as defined above.



### **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, providing an opinion 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 that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management and others within the Council. We intend it for no one other than these specified parties.

Respectfully Submitted,

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**Perry and Associates**  
Certified Public Accountants, A.C.

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# Dave Yost • Auditor of State

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**HOLMES 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 9, 2011**