



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis.....	9
Statement of Activities – Cash Basis .....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances .....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund .....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Restricted Fund.....	14
Notes to the Basic Financial Statements .....	15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	25

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Fulton County  
606 South Shoop Avenue  
Wauseon, Ohio 43567-1712

To the Council:

We have audited the accompanying financial statements of the governmental activities and each major fund of Family and Children First Council, Fulton County, Ohio (the Council), as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Family and Children First Council, Fulton County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Restricted Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2012, 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.

We conducted our audit to opine on the Council's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



**Dave Yost**  
Auditor of State

August 16, 2012

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

The discussion and analysis of the Family and Children First Council's (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2010, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key financial highlights for the year 2010 are as follows:

- Net assets decreased by \$415 for 2010.
- Program specific receipts in the form of operating grants comprise the largest percentage of the Council's receipts, making up 99.97% of all the dollars coming into the Council. General receipts in the form of miscellaneous make up the other .03%.
- The Council had \$389,420 in disbursements during 2010. Drug Free Communities was in effect all of 2010. We received monies from the Northwest Ohio Service Educational Center for 21<sup>st</sup> Century contract. We received Justice Assistant Grant monies in 2010.

**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 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 Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

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.

***Reporting the Council as a Whole***

The statement of net assets and the statement of activities reflect how the Council did financially during 2010, within the limitations of the cash basis of accounting. The Statement of Net Assets – Cash Basis presents the cash balances of the governmental activities of the Council at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should also consider other non-financial factors as well, such as the condition of the Council's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Council's services. The Council has no business-type activities.

***Reporting the Council's Most Significant Funds***

*Fund Financial Statements*

Fund financial statements provide detailed information about the Council's major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Council are governmental.

**Governmental Funds** - The Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Council's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's health programs. The Council's significant governmental funds are presented on the financial statements in separate columns. The Council's major governmental funds are the General Fund and the Restricted Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

**The Council as a Whole**

Table 1 provides a summary of the Council's net assets for 2010 compared to 2009 on the cash basis:

**Table 1  
Net Assets – Cash Basis**

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
Assets			
Cash with Fiscal Agent	<u>\$58,840</u>	<u>\$59,255</u>	<u>\$ (415)</u>
Net Assets			
Restricted	46,194	51,428	(5,234)
Unrestricted	<u>12,646</u>	<u>7,827</u>	<u>4,819</u>
Total Net Assets	<u>\$58,840</u>	<u>\$59,255</u>	<u>\$ (415)</u>

As mentioned previously, net assets decreased \$415. The decrease was minimal with all the different funding streams in the Restricted Fund.

Table 2 reflects the change in net assets in 2010 and provides a comparison to prior year amounts.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
<b>Receipts</b>			
Program Cash Receipts			
Charges for Services and Sales	\$ 5,584	\$ 116,627	\$ (111,043)
Operating Grants and Contributions	<u>381,023</u>	<u>203,347</u>	<u>177,676</u>
Total Program Cash Receipts	<u>386,607</u>	<u>319,974</u>	<u>66,633</u>
General Receipts			
Gifts & Contributions	1,100		1,100
Miscellaneous	<u>1,298</u>	<u>30</u>	<u>1,268</u>
Total General Receipts	<u>2,398</u>	<u>30</u>	<u>2,368</u>
<b>Total Receipts</b>	<u>389,005</u>	<u>320,004</u>	<u>69,001</u>
<b>Disbursements</b>			
General	12,290	18,824	6,534
Restricted	<u>377,130</u>	<u>318,119</u>	<u>(59,011)</u>
<b>Total Disbursements</b>	<u>389,420</u>	<u>336,943</u>	<u>(52,477)</u>
<b>Change in Net Assets</b>	(415)	(16,939)	16,524
<b>Net Assets Beginning of Year</b>	<u>59,255</u>	<u>76,194</u>	<u>(16,939)</u>
<b>Net Assets End of Year</b>	<u>\$ 58,840</u>	<u>\$ 59,255</u>	<u>\$ (415)</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

In 2010, 99.97 percent of the Council's total receipts were from program receipts, consisting mainly of grants from the Ohio Department of Health.

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Council. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General and Restricted programs, which account for 3% and 97% of all governmental disbursements, respectively. The net cost column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3  
Governmental Activities**

	<u>Total Cost of Services 2010</u>	<u>Net Cost of Services 2010</u>	<u>Total Cost of Services 2009</u>	<u>Net Cost of Services 2009</u>
General	\$ 12,290	\$ (4,779)	\$ 18,824	\$ 2,567
Restricted	377,130	7,592	318,119	14,402
<b>Totals</b>	<u>\$ 389,420</u>	<u>\$ 2,813</u>	<u>\$ 336,943</u>	<u>\$ 16,969</u>

**The Council's Funds**

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Council's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Council's net resources available for spending at the end of the year.

At the end of 2010, the Council's governmental funds reported total ending fund balances of \$58,840. \$47,315 of the total is unreserved fund balance, which is available for spending. The remainder of fund balance is reserved to indicate it is not available for new spending.

While the bulk of the governmental fund balances are not reserved in the governmental fund statements, they lead to restricted net assets on the Statement of Net Assets – Cash Basis due to their being restricted for use for a particular purpose mandated by the source of the resources such as the state and federal governments.

The General Fund is the chief operating fund of the Council. At the end of 2010, unreserved fund balance in the General Fund was \$12,646. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total General Fund expenditures. Unreserved fund balance represents 1% of the total General Fund expenditures.

Revenues exceeded expenditures in the General Fund by \$4,819 in 2010. Intergovernmental revenues consist of a grant received from the Ohio Department of Health. Salaries and benefits account for the majority of expenditures in the General Fund.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
UNAUDITED**

The Restricted Fund accounts for state grant monies for the Help Me Grow Program. The Help Me Grow program is for Ohio's expectant parents, newborns, infants, and toddlers and provides health and developmental services so children start school healthy and ready to learn. The Restricted Fund also accounts for monies from the Ohio Child Trust Fund, ABC Initiative, JAG, FCSS, Drug-Free Action Alliance, Drug Free Communities and 21<sup>st</sup> Century monies. At the end of 2010, the total fund balance was \$46,194.

**General Fund Budgeting Highlights**

The Council's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances.

During the course of 2010, the Council amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. The significant decrease from the original and the final estimated receipts and appropriations is due to the client not receiving originally anticipated revenue. The General Fund's actual revenues were less than anticipated along with overestimating miscellaneous revenue. The General Funds actual expenditures were less than final appropriations due to additional allowable funding in the Restricted Fund.

**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens and readers with a general overview of the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report, or requests for additional information, should be directed to Jane Sauder, Fiscal Officer Supervisor, Fulton County Health Department, 606 S. Shoop Ave, Wauseon, OH 43567.

**This page intentionally left blank.**

**FAMILY AND CHILDREN FIRST COUNCIL**  
**FULTON COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

<b>Assets</b>	Governmental Activities
Cash with Fiscal Agent	<hr style="border: none; border-top: 1px solid black;"/> \$ 58,840 <hr style="border: none; border-top: 3px double black;"/>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	46,194
Unrestricted	12,646
<i>Total Net Assets</i>	<hr style="border: none; border-top: 1px solid black;"/> \$ 58,840 <hr style="border: none; border-top: 3px double black;"/>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2010**

		Program Receipts		Net (Disbursements) and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General	\$ 12,290		\$ 17,069	\$ 4,779
Restricted	377,130	5,584	363,954	(7,592)
<i>Total Governmental Activities</i>	389,420	5,584	381,023	(2,813)
		<b>General Receipts</b>		
				1,100
				1,298
				2,398
				(415)
				59,255
				\$ 58,840

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
 FULTON COUNTY  
 Statement of Cash Basis Assets and Fund Balances  
 Governmental Funds  
 December 31, 2010**

	General	Restricted	Total Governmental Funds
<b>Assets</b>			
Cash with Fiscal Agent	\$ 12,646	\$ 46,194	\$ 58,840
<b>Fund Balances</b>			
Reserved:			
Reserved for Encumbrances		11,525	11,525
Unreserved:			
Undesignated, Reported in:			
General Fund	12,646		12,646
Special Revenue Fund		34,669	34,669
<i>Total Fund Balances</i>	<u>\$ 12,646</u>	<u>\$ 46,194</u>	<u>\$ 58,840</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2010**

	General	Restricted	Total Governmental Funds
<b>Receipts</b>			
Intergovernmental	\$ 17,069	\$ 363,954	\$ 381,023
Contractual Services		5,584	5,584
Gifts and Contributions		1,100	1,100
Miscellaneous	40	1,258	1,298
<i>Total Receipts</i>	<u>17,109</u>	<u>371,896</u>	<u>389,005</u>
<b>Disbursements</b>			
Salaries	8,297	86,786	95,083
Supplies	172	43,295	43,467
Contract	260	157,702	157,962
Advertising		2,843	2,843
Travel and Expense	775	15,168	15,943
Medicare Tax	120	1,244	1,364
Insurance		1,089	1,089
PERS	1,148	12,150	13,298
Workers Comp	285	1,426	1,711
Equipment		1,164	1,164
Other	1,233	54,263	55,496
<i>Total Disbursements</i>	<u>12,290</u>	<u>377,130</u>	<u>389,420</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,819</u>	<u>(5,234)</u>	<u>(415)</u>
<i>Fund Balances Beginning of Year</i>	<u>7,827</u>	<u>51,428</u>	<u>59,255</u>
<i>Fund Balances End of Year</i>	<u>\$ 12,646</u>	<u>\$ 46,194</u>	<u>\$ 58,840</u>

See accompanying notes to the basic financial statements



**FAMILY AND CHILDREN FIRST COUNCIL  
 FULTON COUNTY  
 Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 22,690	\$ 17,069	\$ 17,069	
Miscellaneous	5,000	100	40	(60)
<i>Total Receipts</i>	<u>27,690</u>	<u>17,169</u>	<u>17,109</u>	<u>(60)</u>
<b>Disbursements</b>				
Salary	17,000	8,389	8,297	92
Supplies	2,500	2,500	172	2,328
Contract	500	500	260	240
Travel and Expense	3,000	2,554	775	1,779
Medicare Tax	200	150	120	30
Insurance	600			
PERS	2,380	1,180	1,148	32
Workers Compensation	510	285	285	
Other	1,000	1,611	1,233	378
<i>Total Disbursements</i>	<u>27,690</u>	<u>17,169</u>	<u>12,290</u>	<u>4,879</u>
<i>Net Change in Fund Balance</i>			4,819	4,819
<i>Fund Balance Beginning of Year</i>	<u>7,827</u>	<u>7,827</u>	<u>7,827</u>	
<i>Fund Balance End of Year</i>	<u>\$ 7,827</u>	<u>\$ 7,827</u>	<u>\$ 12,646</u>	<u>\$ 4,819</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY  
Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Restricted Fund  
For the Year Ended December 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental Revenue	\$ 140,000	\$ 167,250	\$ 363,954	\$ 196,704
Contracts	173,590	211,290	5,584	(205,706)
Gifts and Contributions			1,100	1,100
Miscellaneous	250	250	1,258	1,008
<i>Total Receipts</i>	<u>313,840</u>	<u>378,790</u>	<u>371,896</u>	<u>(6,894)</u>
<b>Disbursements</b>				
Salary	75,000	86,795	86,786	9
Supplies	20,000	43,295	43,295	
Equipment	5,000	1,164	1,164	
Contract	110,000	171,791	169,227	2,564
Advertising	2,000	2,895	2,843	52
Travel and Expense	15,000	16,000	15,168	832
Medicare Tax	1,090	1,288	1,244	44
Insurance	3,000	1,089	1,089	
PERS	10,500	12,168	12,150	18
Workers Compensation	2,250	1,426	1,426	
Other	70,000	54,279	54,263	16
<i>Total Disbursements</i>	<u>313,840</u>	<u>392,190</u>	<u>388,655</u>	<u>3,535</u>
<i>Net Change in Fund Balance</i>		(13,400)	(16,759)	(3,359)
Prior Year Encumbrances Appropriated	13,400	13,400	13,400	
<i>Fund Balance Beginning of Year</i>	<u>38,028</u>	<u>38,028</u>	<u>38,028</u>	
<i>Fund Balance End of Year</i>	<u>\$ 51,428</u>	<u>\$ 38,028</u>	<u>\$ 34,669</u>	<u>\$ (3,359)</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

**Note 1 – Reporting Entity**

Ohio Revised Code §121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils (the Council). 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 section 5153.15 of the Revised Code;
- 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 commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. 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"; and;
- n. At least three individuals representing the interest of families in the county. Where possible, the number of members representing families shall be equal to 20 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**Note 1 – Reporting Entity (Continued)**

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from 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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. 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;
- d. 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

**B. Public Entity Risk Pools**

The Council participates in a public entity risk pool. Note 4 to the financial statements provide additional information for this entity. This organization is the Public Entities Pool of Ohio (PEP).

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Council's accounting policies.

**A. Basis of Presentation**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by object. An object is the purpose of the expenditure for which the Council is responsible. Program receipts include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be sent back to the Ohio Department of Health. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on the cash basis or draws from the general receipts of the Council.

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.

**B. 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. Funds are used to segregate resources that are restricted as to use. The funds of the Council are presented in one category: governmental.

Governmental Funds - Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's major governmental funds:

General - This fund accounts for all financial resources, except those required to be accounted for 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.

Restricted - This fund accounts for grants for the Help Me Grow Program, ABC Initiative, 21<sup>st</sup> Century, Ohio Children's Trust Fund, Drug Free Action, Drug Free Communities, Family Centered Services and Supports, and Justice Assistance Grant.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**C. Basis of Accounting**

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is the Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Council. The legal level of control has been established by the Council at the object level for all funds.

ORC Section 121.37(B) establishes budgetary requirements for the Council. The Council's administrative agent shall serve as the Council's appointing authority for any employees of the council. The Council shall file an annual budget with its administrative agent, with copies filed with the County Auditor and with the Board of County Commissioners. Subject to estimated resources, Council's administrative on behalf of Council may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Council during the year.

**E. Cash**

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash, which are reported at the County Treasurer's carrying amount. Deposits disclosures for the County as a whole may be obtained by writing Beverly Schlosser, Fulton County Treasurer, 152 S Fulton Street, Wauseon, OH 43567 or by calling 419-337-9252.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

**H. Employer Contributions to Cost-Sharing Pension Plans**

The Council recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes primarily limitations imposed by grantors.

The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**J. Fund Balance Reserves**

The Council reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**K. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$11,525 for the Restricted Fund.

**Note 4 - Risk Management**

The Government is exposed to various risks of property and casualty losses, and injuries to employees.

The Government insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**Public Entity Risk Pool**

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<b><u>2010</u></b>	<b><u>2009</u></b>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**Note 4 - Risk Management (Continued)**

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Government's share of these unpaid claims collectible in future years is approximately \$200.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
<b><u>2010</u></b>	<b><u>2009</u></b>
\$240	\$252

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Commercial Coverage**

Cincinnati Insurance Company holds the coverage for building contents with a \$550,000 limit and a \$500 deductible. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**Workers' Compensation**

The Council pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Employee Benefits**

The Council provided health insurance to eligible employees through a County Consortium. The Council provides life insurance in the amount of \$15,000 for eligible employees and accidental death and dismemberment insurance to most employees through Ft. Dearborn Life.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**Note 5 - Defined Benefit Pension Plans**

Plan Description – The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (888) 400-0965.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll.

The Council's contribution rate for 2010 was 14 percent of covered payroll. For the period January 1, through February 28, 2010, a portion of the Council's contribution equal to 5.5 percent of covered payroll was allocated to fund the postemployment healthcare; for the period March 1 through December 31, 2010, this amount was decreased to 5 percent. Employer contribution rates actuarially determined. State statute sets a maximum contribution rate for the Council of 14 percent.

The Council's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 were \$13,298, \$11,171, and \$12,987 respectively. The full amount has been contributed for 2010, 2009, and 2008. Contributions to the member-directed plan for 2010 were \$462 made by the Council and \$330 made by plan members.

**Note 6 - Postemployment Benefits**

Plan Description – OPERS maintains cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OEPRS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (888) 400-0965.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010  
(Continued)**

**Note 6 - Postemployment Benefits (Continued)**

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OEPRS. A portion of each employer's contribution to the traditional or combined plans is set aside for the fund of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent of covered payroll from January 1, through February 28, 2010 and 5 percent from March 1 through December 31, 2010.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Council's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2010, 2009, and 2008 were \$4,792, \$4,666, and \$6,494 respectively; 100 percent has been contributed for 2010, 2009 and 2008.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**Note 7 – Contingent Liabilities**

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

**Note 8 - Related Party**

The Council entered into contract in 2010 with the Ohio State University (OSU) Extension for a parental education series. The Ohio State University (OSU) Extension's Educator for Family and Consumer Sciences, Cheryl Spires, is a member of the Council but abstains from voting for this contract. Payments made during 2010 to the Ohio State University (OSU) Extension; in accordance with this contract was \$14,125.

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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

Family and Children First Council  
Fulton County  
606 South Shoop Avenue  
Wauseon, Ohio 43567-1712

To the Council:

We have audited the financial statements of the governmental activities and each major fund of the Family and Children First Council, Fulton County, Ohio (the Council), as of and for the year ended December 31, 2010, which collectively comprise the Council's basic financial statements and have issued our report thereon dated August 16, 2012, wherein we noted the Council uses a comprehensive accounting basis other than generally accepted accounting principles. 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 opinion 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, 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 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 we must report under *Government Auditing Standards*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

[www.ohioauditor.gov](http://www.ohioauditor.gov)

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated August 16, 2012.

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

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

August 16, 2012



# Dave Yost • Auditor of State

**FULTON FAMILY AND CHILDREN FIRST COUNCIL**

**FULTON 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  
SEPTEMBER 18, 2012**