



**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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Mary Taylor, CPA
Auditor of State

Family and Children First Council
Defiance County
500 Court Street, Suite F
Defiance, Ohio 43512-2171

To the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 28, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Defiance County
500 Court Street, Suite F
Defiance, Ohio 43512-2171

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Defiance County, (the Council) as of and for the years ended December 31, 2008 and 2007. 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 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 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.

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, 2008 and 2007, 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, 2008 and 2007, 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 fund cash balances of the Family and Children First Council, Defiance County, as of December 31, 2008 and 2007, and its 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 April 28, 2009, 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.



Mary Taylor, CPA
Auditor of State

April 28, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$100,243	\$218,904	\$319,147
Membership Fees	14,500		14,500
United Way	6,750		6,750
Service Coordinator Contract	2,581		2,581
Other Revenue	9,300		9,300
	<u>133,374</u>	<u>218,904</u>	<u>352,278</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	46,348	85,261	131,609
Insurance	4,805	35,650	40,455
OPERS/Workman's Compensation	6,164	12,479	18,643
Contract Services	18,198		18,198
Partnership for Success	46,904		46,904
Health Department Program Services		30,611	30,611
Ohio Childrens Trust	14,750		14,750
FAST Grant Expenses	16,294		16,294
Administration	5,592	9,544	15,136
Parent Stipends	75		75
MR/DD Program Services		40,788	40,788
ABC Grant Expenditures	2,915		2,915
Rent		4,008	4,008
Family Support		399	399
Utilities	1,334	2,182	3,516
Supplies	1,863	4,348	6,211
Training - Grant, Conferences, and Travel	1,523	6,835	8,358
Miscellaneous	4,116		4,116
	<u>170,881</u>	<u>232,105</u>	<u>402,986</u>
Total Cash Disbursements			
Total Cash Disbursements Over Cash Receipts	<u>(37,507)</u>	<u>(13,201)</u>	<u>(50,708)</u>
Other Financing Receipts and (Disbursements):			
Advances-In	27,000	12,000	39,000
Advances-Out	<u>(12,000)</u>	<u>(27,000)</u>	<u>(39,000)</u>
Total Other Financing Receipts and (Disbursements)	<u>15,000</u>	<u>(15,000)</u>	
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(22,507)	(28,201)	(50,708)
Fund Cash Balances, January 1	<u>84,300</u>	<u>28,572</u>	<u>112,872</u>
Fund Cash Balances, December 31	<u>\$61,793</u>	<u>\$371</u>	<u>\$62,164</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$183,045	\$206,578	\$389,623
Membership Fees	12,000		12,000
United Way	7,250		7,250
Service Coordinator Contract	6,796		6,796
Other Revenue	3,566		3,566
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	212,657	206,578	419,235
Cash Disbursements:			
Current:			
Salaries	44,556	81,053	125,609
Insurance	11,761	31,186	42,947
OPERS/Workman's Compensation	6,362	11,604	17,966
Family Support		1,447	1,447
Contract Services	72,796		72,796
Ohio Childrens Trust	14,500		14,500
FAST Grant Expenses	14,674		14,674
Administration	5,592	4,335	9,927
ABC Grant	5,207		5,207
MR/DD Program Services		36,485	36,485
Health Department Program Services		36,787	36,787
Rent		3,340	3,340
Advertising	163	266	429
Utilities	1,570	2,498	4,068
Supplies	3,873	12,035	15,908
Training - Grant, Conferences, and Travel	2,582	7,975	10,557
Miscellaneous	4,370	437	4,807
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	188,006	229,448	417,454
Total Cash Receipts Over/ (Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	24,651	(22,870)	1,781
Other Financing Receipts and (Disbursements):			
Advances-In		12,000	12,000
Advances-Out	(12,000)		(12,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts and (Disbursements)	(12,000)	12,000	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	12,651	(10,870)	1,781
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	71,649	39,442	111,091
Fund Cash Balances, December 31	<hr/> \$84,300 <hr/>	<hr/> \$28,572 <hr/>	<hr/> \$112,872 <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the 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. 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 job and family 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";
- n. At least three individuals representing the interests 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.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

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;
- 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. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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.

C. 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:

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of state grants. The amount provided is based on the Council's annual budget and the amount needed to fulfill Council obligations.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following Special Revenue Fund:

Help Me Grow – Federal and State grant to be used for supporting and assisting low income families with children.

D. Fiscal Agent

The Defiance County Commissioners served as fiscal agent for the Council. Council funds are maintained in separate agency funds by the Defiance County Auditor.

E. Budgetary Process

The Council prepares an annual budget including estimated receipts and disbursements and files it with its administrative agent. Unencumbered appropriations lapse at year end.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

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 statements.

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

The Defiance County Treasurer maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2008, was \$ 62,164 and at December 31, 2007, was \$ 112,872. The County as fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the agent's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$118,251	\$133,374	\$15,123
Special Revenue	230,904	218,904	(12,000)
Total	\$349,155	\$352,278	\$3,123

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,892	\$170,881	\$36,011
Special Revenue	231,587	232,105	(518)
Total	\$438,479	\$402,986	\$35,493

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$235,930	\$212,657	(\$23,273)
Special Revenue	278,751	206,578	(72,173)
Total	\$514,681	\$419,235	(\$95,446)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,930	\$188,006	\$47,924
Special Revenue	278,751	229,448	49,303
Total	\$514,681	\$417,454	\$97,227

4. RETIREMENT SYSTEM

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. RETIREMENT SYSTEM – (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 9.5 percent of their wages for 2007 and 10 percent of their wages for 2008. The Council contributed an amount equal to 13.85 percent of participants' gross salaries for 2007 and 14 percent of participants' gross salaries for 2008. The Council has paid all contributions required through December 31, 2008.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Defiance County Commissioners.

6. CONTINGENT LIABILITIES

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

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Mary Taylor, CPA

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
Defiance County
500 Court Street, Suite F
Defiance, Ohio 43512-2171

To the Council:

We have audited the financial statements of the Family and Children First Council, Defiance County, (the Council) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 28, 2009, 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

We noted certain matters that we reported to the Council's management in a separate letter dated April 28, 2009.

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*.

We did note a certain noncompliance matter that we reported to the Council's management in a separate letter dated April 28, 2009.

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



Mary Taylor, CPA
Auditor of State

April 28, 2009



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE 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
MAY 21, 2009**