



**LAKE COUNTY CHILDREN AND FAMILY FIRST COUNCIL
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 & 2005



Mary Taylor, CPA
Auditor of State

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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Mary Taylor, CPA

Auditor of State

Lake County Family and Children First Council
Lake County
30 South Park Place
Painesville, Ohio 44077

To the Members of 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.

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Mary Taylor, CPA
Auditor of State

August 14, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lake County Family and Children First Council
Lake County
30 South Park Place
Painesville, Ohio 44077

To the Members of the Council:

We have audited the accompanying financial statements of the Lake County Family and Children First Council, Lake County, Ohio, (the Council) as of and for the years ended December 31, 2006 and December 31, 2005. 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 fund 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, 2006 and December 31, 2005 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, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

Also, in our opinions, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Lake County Family and Children First Council, Lake County, Ohio, as of December 31, 2006 and December 31, 2005, 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 August 14, 2007, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 14, 2007

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General Fund
Cash Receipts:	
Intergovernmental	\$569,123
Other Revenue	28,483
	<u>597,606</u>
Cash Disbursements:	
Current:	
Salaries	268,887
Fringe Benefits	65,660
Materials and Supplies	194
Contractual Services	275,489
Advertising and Printing	993
Postage	171
Insurance	44,678
Travel Expenses	3,566
Administration Fees	8,793
Other	1,920
Capital Outlay	1,338
	<u>671,689</u>
Total Cash Disbursements	<u>671,689</u>
Total Receipts Over/(Under) Disbursements	(74,083)
Fund Cash Balances, January 1, 2006	<u>242,480</u>
Fund Cash Balances, December 31, 2006	<u>\$168,397</u>

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

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General Fund
Cash Receipts:	
Intergovernmental	\$608,767
Other Revenue	5,183
Total Cash Receipts	613,950
Cash Disbursements:	
Current:	
Salaries	235,022
Fringe Benefits	52,336
Materials and Supplies	224
Contractual Services	309,733
Advertising and Printing	925
Postage	279
Insurance	40,120
Travel Expenses	3,561
Administration Fees	2,728
State Remittance	563
Other	292
Capital Outlay	3,715
Total Cash Disbursements	649,498
Total Receipts Over/(Under) Disbursements	(35,548)
Fund Cash Balances, January 1, 2005	278,028
Fund Cash Balances, December 31, 2005	\$242,480

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

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

- a. At least three individuals whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's membership;
- b. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council;
- c. The health commissioner of the board of health of each city or general health district in the county, or their designees. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations;
- d. The director of the county department of job and family services;
- e. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which notify each county of its determination at least biennially;
- i. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- j. A representative of the municipal corporation with the largest population in the county;
- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;
- m. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code; and

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

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

A county family and children first council may invite any other 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 those children for whom the council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- c. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the handicapped Act Amendments of 1986";
- d. Maintain an accountability system to monitor the council's progress in achieving results for families and children; and
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

B. Accounting Basis

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 accounting 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.

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts. The Council uses only a General Fund.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources. The Council had the following significant source of funding:

Intergovernmental Receipts - Funds received from the Help Me Grow Grant, Administration Grant, and Children Trust Grant.

D. Administrative and Fiscal Agent

The Lake County General Health District is the administrative and fiscal agent for the Council. The Lake County Auditor is the fiscal agent for the Lake County General Health District. The Council's fund is maintained in a separate special revenue fund at the County.

E. Contracted Services

For the period January 1, 2005 through December 31, 2006, the Council's program administrators, who are employees of the Lake County Educational Service Center, were paid through contracted services. All other personnel were paid directly from the Help Me Grow Grant for the audit period. The County Auditor issues an IRS form W-2 to the Council employees at year-end.

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. Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually. The Council must file their annual budget with the Council's fiscal agent.

2. Equity in Pooled Cash and Investments

As required by the Ohio Revised Code, the Lake County Treasurer maintains a cash pool used by all of the County's funds, including those of the Lake County Family and Children First Council through the Lake County General Health District. The Council's carrying amount of cash on deposit with the County Treasurer as of December 31, 2006 and December 31, 2005 was \$168,397 and \$242,480, respectively. Lake County General Health District, as fiscal agent for the Council, through Lake County is responsible for maintaining adequate depository collateral for all funds in the County Treasurer's pooled and deposit accounts.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Retirement Systems

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Council contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

4. Risk Management

The Council is covered under the Lake County General Health District.



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*

Lake County Family and Children First Council
Lake County
30 South Park Place
Painesville, Ohio 44077

To the Members of the Council:

We have audited the financial statements of the Lake County Family and Children First Council, Lake County, Ohio, (the Council) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated August 14, 2007, 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.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 14, 2007



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

LAKE 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 11, 2007**