



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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Mary Taylor, CPA

Auditor of State

Family and Children First Council
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First 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

June 19, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First Council:

We have audited the accompanying financial statements of Family and Children First Council, Noble 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 combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments 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 combined fund cash balances of Family and Children First Council, Noble County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our June 19, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 19, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**COMBINED 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	\$20,000	\$157,621	\$177,621
Other - Reimbursements	405		405
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,405	157,621	178,026
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Coordinator Contract	15,228	30,759	45,987
Travel Expenses	1,230		1,230
Supplies and Materials	56		56
Advertising	15	17	32
Contracted Services	2,397	122,562	124,959
Reimbursement to State		4,235	4,235
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	18,926	157,573	176,499
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	1,479	48	1,527
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	13,729	55,704	69,433
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$15,208	\$55,752	\$70,960
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**COMBINED 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	\$20,000	\$133,933	\$153,933
Other	75		75
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,075	133,933	154,008
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Coordinator Contract	19,362	5,622	24,984
Travel Expenses	1,372		1,372
Supplies and Materials	465		465
Rental Expense	600		600
Contracted Services	7,002	93,463	100,465
Reimbursement to State		2,594	2,594
Other		100	100
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	28,801	101,779	130,580
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(8,726)	32,154	23,428
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	22,455	23,550	46,005
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$13,729</u>	<u>\$55,704</u>	<u>\$69,433</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include 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, or the Commissioner's designee, of the Board of Health of each city and general health district in the County. 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 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 Board of County Commissioners 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 municipal corporation with the largest population in the County;
- j. The President 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;

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- m. A representative of the County's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation 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 "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Basis of Accounting

These financial statements follow the accounting basis 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 include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

1. General

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

2. Special Revenue Funds

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

Help Me Grow Fund – This fund receives a blended pool of grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

FAST Fund – This fund receives grant funds to be used in order to provide treatment for needy children and to furnish the families of these children with the necessities to maintain family stability.

Children's Trust Fund – This fund receives grant funds to be used to provide child abuse and neglect awareness education and pay cost of home visits by a Service Coordinator.

ABC Non-Behavioral Fund – This fund receives grant funds to be used to serve children with disabilities and/or medically fragile.

Partnership for Success Fund – This fund provides for the operation of a summer prevention program for youth in Noble County.

Belmont Pines Funding Agreement – This fund was established to provide for the residential treatment of a Noble County resident at Belmont Pines Hospital.

D. Administrative and Fiscal Agent

Ohio Revised Code Section 121.37(B)(4) requires each County's Council to designate an administrative agency for the Council. The Noble County Department of Job and Family Services serves as administrative agent for the Council, and the Noble County Auditor is the designated fiscal agent for the Noble County Department of Job and Family Services. Noble County maintains Council's funds in a Agency Fund on the County's financial records. The administrative agent agrees to:

- a. Serve as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Administrative and Fiscal Agent (Continued)

- c. Perform the following on behalf of Council; but only upon the expressed approval of and direction by Council:
- Enters into written agreements or administer contracts with public or private entities to fulfill Council business;
 - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity; and
 - Receive by gift, grant, devise, or bequest any moneys, and or other property for the purposes for which the Council is established.

2. EQUITY IN POOLED CASH

The Council's cash is maintained by the Noble County Auditor. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2008 and 2007, the Council's share of the County's cash pool was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$ 70,960</u>	<u>\$ 69,433</u>

All risks associated with such deposits are the responsibility of Noble County.

3. RISK MANAGEMENT

The Council is insured through the Noble County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

4. 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.



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
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First Council:

We have audited the financial statements of the Family and Children First Council, Noble County, Ohio (the Council), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 19, 2009, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

We consider Finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

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.

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is a material weakness.

We also noted a certain matter that we reported to the Council's management in a separate letter dated June 19, 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 intend this report solely for the information and use of the audit committee, management, and the Family and Children First 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

June 19, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Weakness

As a matter of accountability and internal control, each public office should account for financial activities using an accounting system which demonstrates legal compliance and follows a documented chart of accounts appropriate for its particular activities and supported by appropriate subsidiary ledgers/journals. This generally requires accounting for restricted revenues and the related disbursements in separate funds.

The Noble County Department of Job and Family Services (Administrative Agent) for the Family and Children First Council maintains a manual cashbook, which is organized by account rather than by fund level. This accounting system does not segregate and summarize activity for restricted revenues and the related expenditures. As a result, reports prepared for auditors, grantors and pass through agencies is not always accurate or contain beginning or ending fund balances. The Administrative Agent had to prepare annual reports from a co-mingled cashbook posting.

We recommend that the Noble County Department of Job and Family Services (Administrative Agent) establish an accounting system which demonstrates legal compliance and follows a documented chart of accounts appropriate for its particular activities and supported by appropriate subsidiary ledgers/journals. This system should account for restricted revenues and the related disbursements in separate funds and summarize financial data for easy preparation of reports and documentation of the reported amounts. This will ensure the completeness and accuracy of financial amounts that are rolled up to the financial statements.

Officials' Response:

The Council did not respond to the finding above.



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

NOBLE 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
JULY 28, 2009**