



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

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Mary Taylor, CPA Auditor of State

Family and Children First Council
Preble County
1500 Park Avenue
Eaton, Ohio 45320

To the Executive 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

September 23, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Preble County
1500 Park Avenue
Eaton, Ohio 45320

To the Executive Council:

We have audited the accompanying financial statements of the Family and Children First Council, Preble County, Ohio (the Council), as of and for the years ended June 30, 2010 and 2009. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of 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 June 30, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Family and Children First Council, Preble County, Ohio, as of June 30, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2010, 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

September 23, 2010

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$37,350	\$274,500	\$311,850
Charges for Services	8,939	32,235	41,174
Local Agency Contributions	4,600		4,600
Total Cash Receipts	<u>50,889</u>	<u>306,735</u>	<u>357,624</u>
Cash Disbursements:			
Salaries	3,151	64,355	67,506
Fringe Benefits	11,478	15,748	27,226
Purchased Services/Administrative		6,655	6,655
Purchased Services/Other Agencies	24,050	174,462	198,512
General Operating Expenses	284	1,815	2,099
Miscellaneous	187	20,043	20,230
Total Disbursements	<u>39,150</u>	<u>283,078</u>	<u>322,228</u>
Total Receipts Over Disbursements	<u>11,739</u>	<u>23,657</u>	<u>35,396</u>
Fund Cash Balances, July 1	<u>(4,468)</u>	<u>40,589</u>	<u>36,121</u>
Fund Cash Balances, June 30	<u>\$7,271</u>	<u>\$64,246</u>	<u>\$71,517</u>
Reserve for Encumbrances, June 30	<u>\$7,600</u>	<u>\$15,467</u>	<u>\$23,067</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$27,917	\$210,962	\$238,879
Charges for Services	21,615	126,159	147,774
Local Agency Contributions	7,700		7,700
Total Cash Receipts	<u>57,232</u>	<u>337,121</u>	<u>394,353</u>
Cash Disbursements:			
Salaries	40,843	56,713	97,556
Fringe Benefits	16,284	16,102	32,386
Purchased Services/Administrative	633	4,298	4,931
Purchased Services/Other Agencies	11,734	238,297	250,031
Supplies & Materials	222		222
General Operating Expenses	642	1,468	2,110
Miscellaneous	214	13,269	13,483
Total Disbursements	<u>70,572</u>	<u>330,147</u>	<u>400,719</u>
Total Receipts Over / (Under) Disbursements	<u>(13,340)</u>	<u>6,974</u>	<u>(6,366)</u>
Other Financing Receipts:			
Transfers-In		3,096	3,096
Total Other Financing Receipts	<u>0</u>	<u>3,096</u>	<u>3,096</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	(13,340)	10,070	(3,270)
Fund Cash Balances, July 1	<u>8,872</u>	<u>30,519</u>	<u>39,391</u>
Fund Cash Balances, June 30	<u>(\$4,468)</u>	<u>\$40,589</u>	<u>\$36,121</u>
Reserve for Encumbrances, June 30	<u>\$0</u>	<u>\$18,410</u>	<u>\$18,410</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. For the years ended June 30, 2010, and 2009, the Preble County Family and Children First Council, Preble County, Ohio (the Council), was an agency fund of Preble County, Ohio. 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 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 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;
- 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 twenty per cent 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
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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.

Council Membership

The County's Council membership included Children's Services, Board of Alcohol & Drug Addiction Services, Board of Mental Health, Board of Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job & Family Services, General Health District, the City of Eaton, family representatives, and the educational community. The purpose of the Family & Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Administrator had been hired to administer all of the Family & Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee was paid from a Collaborative Fee agreement derived from the agencies in the County. The salary of this employee was paid from the State Administrative grant received by the Council and pooled funding derived from each of the Council agencies in the County. Effective July 15, 2009, the Council no longer employed a Council Administrator.

Executive Council

The Executive Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

B. Accounting Basis

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

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund. All expenditures are made in accordance with an annual budget approved by the administrative body of the Council.

2. Special Revenue Funds

These funds were used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During the period ending June 30, 2010 and 2009, the following programs were awarded to the Council: Help Me Grow, Strength-Based Alternatives in the Family Environment (SAFE), and Ohio Children's Trust Fund.

D. Fiscal Agent

Preble County Job and Family Services became the Council's administrative agent on July 1, 2006. The Preble County Auditor, Job and Family Service's fiscal agent, maintains Council's funds in a separate agency fund. The Ohio Children's Trust Fund is maintained in a separate special revenue fund.

E. Budgetary Process

The Ohio Revised Code requires the Council to budget each fund annually. The Council must file the budget with Preble County Job and Family Services, the Council's fiscal agent. This budget is also presented to the Preble County Commissioners. The estimated revenues and expenditures are approved every six months.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Cash

The Council's cash pool is maintained by the Preble County Treasurer, Job and Family Service's fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Preble County Treasurer is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the Preble County Treasurer at June 30, 2010, and 2009 was \$71,517 and \$36,121 respectively.

The Preble County Treasurer, as the fiscal agent for Job and Family Services who is the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and depository accounts.

3. Retirement System

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 2010, 2009, and 2008, OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through June 30, 2010.

4. Risk Management

The Council is covered under the Preble County Auditor's insurance policy.



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
Preble County
1500 Park Avenue
Eaton, Ohio 45320

To the Executive Council:

We have audited the financial statements of the governmental activities of the Family and Children First Council, Preble County, Ohio (the Council), as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated September 23, 2010, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our 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*.

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Family and Children First Council
Preble County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of management, the audit committee, and the Executive Council. We intend it for no one other than these specified parties.

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

September 23, 2010



Mary Taylor, CPA
Auditor of State

PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PREBLE 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
OCTOBER 12, 2010**