



Mary Taylor, CPA
Auditor of State

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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Mary Taylor, CPA Auditor of State

Carroll County Family and Children First Council
Carroll County
PO Box 183
Carrollton, OH 44615

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

January 7, 2011

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Carroll County Family and Children First Council
Carroll County
PO Box 183
Carrollton, OH 44615

To the Family and Children First Council:

We have audited the accompanying financial statements of the Carroll County Family and Children First Council, Carroll 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 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 combined fund cash of the Carroll County Family and Children First Council, Carroll 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 report dated January 7, 2011, 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

January 7, 2011

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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	\$219,240	239,240
Other Revenue	2,687	0	2,687
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	22,687	219,240	241,927
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	10,956	70,722	81,678
Supplies	1,494	5,023	6,517
Contract Services	1,755	94,757	96,512
Rentals		9,240	9,240
Travel/Dues	1,207	2,184	3,391
PERS	1,885	9,408	11,293
Workers Compensation		2,999	2,999
Insurance		5,664	5,664
Mandatory Medicare	407	777	1,184
Utilities		4,288	4,288
Miscellaneous	3,688	0	3,688
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,392	205,062	226,454
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	1,295	14,178	15,473
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	5,124	80,248	85,372
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$6,419</u>	<u>\$94,426</u>	<u>\$100,845</u>

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

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Agency Fund</u>
Operating Cash Receipts:	
Charges for Services	\$0
Miscellaneous	<u>0</u>
Total Operating Cash Receipts	<u>0</u>
Operating Cash Disbursements:	
Claims	0
Unemployment Compensation	<u>0</u>
Total Operating Cash Disbursements	<u>0</u>
Operating Income/(Loss)	<u>0</u>
Other Financing Uses	(4,638)
Fund Cash Balances, January 1	<u>9,720</u>
Fund Cash Balances, December 31	<u><u>\$5,082</u></u>

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

CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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	\$35,874	\$280,335	316,209
Other Revenue	3,464		3,464
	<u>39,338</u>	<u>280,335</u>	<u>319,673</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	13,142	98,859	112,001
Supplies	513	4,875	5,388
Contract Services	16,999	92,071	109,070
Rentals		11,550	11,550
Travel/Dues	417	1,570	1,987
PERS	2,087	13,277	15,364
Workers Compensation		3,417	3,417
Insurance		13,745	13,745
Mandatory Medicare	443	1,181	1,624
Utilities		4,827	4,827
Miscellaneous	968	0	968
	<u>34,569</u>	<u>245,371</u>	<u>279,940</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>4,769</u>	<u>34,964</u>	<u>39,733</u>
Fund Cash Balances, January 1	<u>355</u>	<u>45,284</u>	<u>45,639</u>
Fund Cash Balances, December 31	<u>\$5,124</u>	<u>\$80,248</u>	<u>\$85,372</u>

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

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Agency Fund</u>
Operating Cash Receipts:	
Charges for Services	\$0
Miscellaneous	<u>0</u>
Total Operating Cash Receipts	<u>0</u>
Operating Cash Disbursements:	
Claims	0
Unemployment Compensation	<u>0</u>
Total Operating Cash Disbursements	<u>0</u>
Operating Income/(Loss)	<u>0</u>
Fund Cash Balances, January 1	<u>9,720</u>
Fund Cash Balances, December 31	<u><u>\$9,720</u></u>

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

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Council and permitted counties to establish county family and children first councils. Statutory membership of 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 district 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 interest of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL 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 county wide, comprehensive, coordinated, multidisciplinary, 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 presentation of families who are receiving services within the county system.

The Carroll County Family and Children First Council was organized with the statutory membership on October 1, 1996. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

As required by the Ohio Revised Code, the Council's cash is held and invested by the Carroll County Treasurer who acts as the custodian for Council monies. No investments were held by the Council during the current audit period.

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. 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:

1. General Fund

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 grants included in the Special Revenue Funds are Employment Preparation, Help Me Grow, ABLE, Training & Quality Control, Summer Youth Employment and Non-behavioral Funding.

3. Agency Fund

Agency funds are custodial in nature and do not involve measurement of results of operations. This fund is used to account for unemployment compensation for Family and Children First Employees.

E. Budgetary Process

The Ohio Revised Code requires that Council file an annual budget with its administrative agent (Carroll County Department of Human Services), with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by State departments in rules or interagency agreements that are applicable to the Council's functions.

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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Council.

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Carroll County Auditor maintains a cash pool used by all the county's funds, including those of the Carroll County 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 \$105,926 and December 31, 2007 was \$95,092. The Carroll County Auditor and Carroll County Treasurer, as the ultimate fiscal agents for the Council, are responsible for maintaining adequate depository collateral for all funds in Carroll County's pooled and deposit accounts. County funds on deposit as of December 31, 2008 and 2007 were fully collateralized as defined under Section 135.37, Ohio Revised Code.

3. RETIREMENT SYSTEMS

The Council employee belongs 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.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Council contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2008.

4. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the council are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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.



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*

Carroll County Family and Children First Council
Carroll County
PO Box 183
Carrollton, Ohio 44615

To the Council:

We have audited the financial statements of the Carroll County Family and Children First Council, Carroll County, (the Council) as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated January 7, 2011 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 opinions 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 described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2008-001 described in the accompanying schedule of findings to be a material weakness.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain matters that we reported to the Council's management in a separate letter dated January 7, 2011.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and Council, and other within 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

January 7, 2011

**CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2008-001

Noncompliance and Material Weakness

Ohio Administrative Code 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The Carroll County Family and Children First Council failed to maintain an accounting system in fiscal years 2007 and 2008 that enabled the identification, assembly, analysis, classification, recording, reporting of various program revenues and expenditures. As a result, the Family and Children First Council was unable to provide auditable financial statements to the Auditor of State in a timely manner.

We recommend that the Carroll County Family and Children First Council establish an accounting system that will ensure compliance with Ohio Administrative Code 117-2-02(A).

Officials' Response:

In the first half of 2010, the Council established a relationship with the Carroll County Developmental Disabilities Board (CCDD) agency to establish an accounting system for the Council's records creating a standalone system dedicated to the Council's finances. The accounting system is overseen by the CCDD Business Manager on behalf of the Council and currently maintains Council financial records for CY2010. The Council is working to clarify CY2009 finances by the end of March 2011. The accounting system is fully capable of supplying financial statements that enable the Council to identify, assemble, analyze, classify, record and report its transactions. The system maintains accountability for related assets and liabilities. Moreover, the Council is assured that the accounting system in place is in compliance with Ohio Administrative Code 117-2-02(A).

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Dave Yost • Auditor of State

CARROLL COUNTY FAMILY AND CHILDREN FIRST COUNCIL

CARROLL 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
FEBRUARY 15, 2011**