

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY

FINANCIAL STATEMENTS
AUDITED

JUNE 30, 2010



Dave Yost • Auditor of State

Members of Council
Wayne County Family and Children First Council
1985 Eagle Pass
Wooster, Ohio 44691

We have reviewed the *Report of Independent Auditors* of the Wayne County Family and Children First Council, Wayne County, prepared by Linc, Malachin, Dennis & Dimengo, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wayne County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 3, 2011

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**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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REPORT OF INDEPENDENT AUDITORS

Wayne County Family and Children First Council
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Family and Children First Council, Wayne County, Ohio (the Council), as of and for the year ended June 30, 2010, which collectively comprise the Council's basic financial statements as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 basic 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, The Council, prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position – cash basis of the governmental activities, each major fund and the aggregate remaining fund information of the Wayne County Family and Children First Council, Wayne County, Ohio as of June 30, 2010, and the respective changes in financial position – cash basis and the respective budgetary comparison for the General Fund and each major Special Revenue Fund thereof for the year ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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, 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 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.

Wayne County Family and Children First Council
Wayne County
Report of Independent Auditors
Page 2

The management's discussion and analysis on pages 3 through 8 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Linc, Malachin, Dennis & Dimengo, Inc

Linc, Malachin, Dennis & Dimengo, Inc.

December 20, 2010

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 UNAUDITED

This discussion and analysis of the Wayne County Family and Children First Council (hereinafter referred to as "FCFC") financial performance provides an overall review of FCFC's financial activities for the year ended June 30, 2010, within the limitations of the Council's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of FCFC's financial performance.

Financial Highlights

Key highlights for 2010 are as follows:

- Net assets of governmental activities increased \$118,954 or 14 percent, an increase from the prior year where net assets increased by \$66,656.
- As a consequence of the increase in net assets, FCFC's fund balance increased from \$842,192 to \$961,146.
- The FCFC's general receipts are primarily from state and federal grants and contributions from community organizations in support of children's services.
- The FCFC had total receipts of \$1,044,605 and expenditures of \$925,652. Cash receipts decreased by approximately \$740,000 from the previous year due to significant cuts in funding from ODMH, while expenditures decreased by almost \$800,000 as a result of system budget reductions due to the decreased availability of funds.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of FCFC as a whole.

The notes to the financial statements are an integral part of the government-wide financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. For fiscal year 2010, the FCFC has elected to present its financial statements on

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 UNAUDITED

a cash basis of accounting. This change was made primarily to more accurately reflect the annual collections of real estate and associated taxes and the corresponding expenses. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Government's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The Wayne County Family and Children First Council, Wayne County, Ohio is financially responsible for the development and management of joint service plans and diversion efforts for multi-system children and youth, and the administration of special grant programs.

The statement of net assets and the statement of activities reflect how the FCFC did financially during fiscal year 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the FCFC at year end. The statement of activities compares cash disbursements with program receipts for each program. Cash receipts include member contributions, state and federal grants which are used to pay for contract services and administrative costs of the Council.

The comparison of cash disbursements with program receipts identifies how each governmental program is self-financing or draws from the general receipts of the FCFC.

These statements report the FCFC's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the FCFC's financial health. Over time, increases or decreases in the FCFC's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Board's financial health one should also consider other nonfinancial factors as well such as the Board's property tax base condition, the reliance on state and federal resources to fund services and operations and the need for continued growth in the major local revenue sources such as membership contributions.

The statement of net asset reports Governmental activities. The FCFC's basic services and funding activities are reported here. State and federal grants and member contributions finance these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the FCFC's major funds. The FCFC establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

Governmental Funds - All of the FCFC's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the FCFC's governmental operations and the basic services it provides.

The Government as a Whole

Table 1 provides a summary of the FCFC's Net Assets for the Fiscal Year 2010 compared to Fiscal Year 2009 on a cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>	
	<u>FY 2010</u>	<u>FY 2009</u>
Assets		
Cash and Cash Equivalents	\$ 961,146	\$ 842,192
Investments	<u>-</u>	<u>-</u>
Total Assets	\$ <u>961,146</u>	\$ <u>842,192</u>
Net Assets		
Unrestricted	\$ <u>961,146</u>	\$ <u>842,192</u>
Total Net Assets	\$ <u>961,146</u>	\$ <u>842,192</u>

As mentioned previously, net assets of governmental activities increased \$118,954 during FY2010. The primary reasons contributing to the increases in cash balances are as follows:

- Timing of cash received associated with grants.
- An overall reduction in placement costs for the children served by the program.

Table 2 reflects the changes in net assets on a cash basis in FY2010 and FY2009 for governmental activities:

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

(Table 2)
Activities

	Activities	
	FY 2010	FY 2009
Receipts:		
Revenue Receipts:		
Children's Trust Fund grant	\$ 38,631	\$ 38,631
HMG Stimulus Funds	64,895	-
HMG Grant	395,505	560,285
ABC/Fast/State Grants	88,940	86,826
CFHS Federal Grant	91,947	96,253
Safe Communities	10,316	31,299
Individual Case Plan	354,370	974,099
 Total Revenue Receipts	 1,044,604	 1,787,393
Expenditures:		
Contract Services	330,618	920,935
Contract Services - Stimulus	60,678	-
Children's Trust Fund	45,975	32,098
HMG	338,693	547,614
ABC/Fast	68,651	74,742
CFHS	73,625	113,651
Safe Communities	7,410	31,697
 Total Disbursements	 925,650	 1,720,737
 Increase (Decrease) in Net Assets	 118,954	 66,656
 Net Assets, July 1	 842,192	 775,536
Net Assets, June 30	\$ 961,146	\$ 842,192

General Revenue Receipts represent state and federal grants and contributions from member organizations for the individual case plans.

As was stated earlier in the analysis, Cash receipts decreased by approximately \$740,000 from the previous year due to significant cuts in funding from ODMH, while expenditures decreased by almost \$800,000 as a result of system budget reductions due to the decreased availability of funds.

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 UNAUDITED

There were increases in the Stimulus funding which helped to offset the original budgeted deficits.

Expenditures represent the grant expenditures and the expenses associated with the individual case plans of the children served.

FCFC's Funds and Accounting System

Pursuant to ORC Section 121.37(B)(5)(a), the Mental Health and Recovery Board (herein after referred to as the MHRB) is the designated administrative agent for the FCFC. The specifics of this arrangement are codified in an Administrative Agreement into which the FCFC and MHRB have entered. The MHRB maintains two funds with the Wayne County Auditor, who serves as the MHRB's fiscal agent. One of these funds is used for the MHRB's general operations, while the other is a fiduciary fund that is used to segregate the finances of the FCFC. The MHRB internally uses Quick Books accounting software, along with a number of subsidiary ledgers and spreadsheets, to track the various special awards and allocations for which it is responsible.

Budgetary Information

The FCFC's official budgeting process is prescribed by the Ohio Revised Code (ORC). Wayne County is the MHRB's designated fiscal agent and the MHRB's and FCFC's budgeting and accounting systems are tied to those of Wayne County. As a part of this, MHRB/FCFC appropriations are restricted by the amounts of anticipated revenues certified by the County Budget Commission and any mid-year budget revisions must be approved through a similar process (i.e., the MHRB/FCFC may not encumber or spend funds above the amount which has been certified as being available to appropriate). Consequently, it may not be possible for the FCFC's plans or desires to be completed reflected in the original budget submitted to and approved by the County. Furthermore, since the County continues to operate on a cash basis, in FY09 the FCFC submitted two budgets to the County for approval: one prepared on a cash basis, upon which the MHRB/FCFC's certificate and encumbrances are based, and a second version prepared on an accrual basis that the MHRB/FCFC uses for management, cost accounting and state reporting.

Capital Assets and Advance of Funds

The FCFC owns no land, buildings or equipment. The FCFC is charged for the office space provided by the MHRB and the use of its equipment.

As of June 30, 2009, the FCFC owed the Wayne County Children's Services Board

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

Capital Assets and Advance of Funds (Continued)

\$446,000 for an advance provided by the CCSB to assist the FCFC with cash flow issues.

This arrangement is set forth in an Agreement between the CCSB and the FCFC, with these funds to be repaid by the FCFC within 45-days of being requested by the CCSB. During FY10, these funds remain a liability as of June 30, 2010.

Current Issues

As of FY10 grants from the State of Ohio continued to decrease with some relief from the Stimulus funds.

FY11, the second year in the state biennium, the system budgets were flat in order for the council and member agencies to adjust programming to the reduced level of funding. The State of Ohio is currently predicting an eight billion dollar budget deficit. Meetings are underway with the departments and administration at the state but there is little doubt this will result in significant funding reductions to the mental health, alcohol, and drug line items.

We are also looking to FY13 and the implementation of Health Care Reform. The challenges are great and maintaining reasonable levels of basic services in place for the citizens of Wayne and Holmes counties while meeting the increase demand for services will continue to be exceedingly difficult in the upcoming years.

Contacting the FCFC's Financial Management

This report is designed to provide all interested parties with a general overview of the Board's finances and to demonstrate the Board's accountability for the funds it receives and administers. If you have questions about this report or need additional information, please contact Ms. Rose Love, Director of Business Operations, Mental Health & Recovery Board of Wayne and Holmes Counties, 1985 Eagle Pass, Wooster, Ohio 44691.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

	<u>Primary Government Governmental Activities</u>
Assets	
Cash with Fiscal Agent	<u>961,146</u>
Total Assets	<u>\$ 961,146</u>
Net Assets	
Unrestricted	<u>961,146</u>
Total Net Assets	<u>\$ 961,146</u>

See accompanying notes.

**WAYNE COUNTY FAMILY AND CHILDREN AND FIRST COUNCIL
WAYNE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		Operating Grants and Contributions	<u>Governmental Activities</u>
Governmental Activities			
Social Services	<u>925,652</u>	<u>1,044,605</u>	<u>118,953</u>
Total Governmental Activities	<u>\$ 925,652</u>	<u>\$ 1,044,605</u>	<u>\$ 118,953</u>
 General Receipts			
Miscellaneous			<u>-</u>
Total General Revenues			<u>-</u>
Changes in Net Assets			118,953
Net Assets Beginning of Year			<u>842,193</u>
Net Assets End of Year			<u>\$ 961,146</u>

See accompanying notes.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**STATEMENT OF CASH BASIS ASSETS
AND FUND BALANCES
JUNE 30, 2010**

	General	Children's Trust Fund	Total Governmental Funds
Assets			
Cash with Fiscal Agent	922,971	38,175	961,146
 Total Assets	\$ 922,971	\$ 38,175	\$ 961,146
 Fund Balances			
Reserved:			
Reserved for Encumbrances	229,714	4,647	234,361
Unreserved:			
Undesignated, Reported in:			
General Fund	693,257	33,528	726,785
 Total Fund Balances	\$ 922,971	\$ 38,175	\$ 961,146

See accompanying notes

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

	General	Children's Trust Fund	Total Governmental Funds
Receipts			
Intergovernmental	1,005,974	38,631	1,044,605
Total Receipts	\$ 1,005,974	\$ 38,631	\$ 1,044,605
Disbursements			
Contract Services	879,677	45,975	925,652
Total Disbursements	\$ 879,677	\$ 45,975	\$ 925,652
Excess of Receipts Over/(Under) Disbursements	126,297	(7,344)	118,953
Net Change in Fund Balances	126,297	(7,344)	118,953
Fund Balances Beginning of Year	796,674	45,519	842,193
Fund Balances End of Year	\$ 922,971	\$ 38,175	\$ 961,146

See accompanying notes

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUNI
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	<u>1,405,000</u>	<u>1,004,605</u>	<u>1,005,974</u>	<u>1,369</u>
Total Receipts	<u>\$ 1,405,000</u>	<u>\$ 1,004,605</u>	<u>\$ 1,005,974</u>	<u>\$ 1,369</u>
Disbursements				
Contract Services	<u>1,561,935</u>	<u>1,561,935</u>	<u>1,109,391</u>	<u>452,544</u>
Total Disbursements	<u>\$ 1,561,935</u>	<u>\$ 1,561,935</u>	<u>\$ 1,109,391</u>	<u>\$ 452,544</u>
Excess of Receipts Over/(Under) Disbursements	<u>(156,935)</u>	<u>(557,330)</u>	<u>(103,417)</u>	<u>453,913</u>
Net Change in Fund Balances	(156,935)	(557,330)	(103,417)	453,913
Fund Balances Beginning of Year, Unreserved	639,739	639,739	639,739	-
Prior Year Encumbrances Appropriated	<u>156,935</u>	<u>156,935</u>	<u>156,935</u>	<u>-</u>
Fund Balances End of Year, Unreserved	<u>\$ 639,739</u>	<u>\$ 239,344</u>	<u>\$ 693,257</u>	<u>\$ 453,913</u>

See accompanying notes

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
CHILDREN'S TRUST FUND
YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	<u>40,000</u>	<u>40,000</u>	<u>38,631</u>	<u>(1,369)</u>
Total Receipts	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 38,631</u>	<u>\$ (1,369)</u>
Disbursements				
Contract Services	<u>51,991</u>	<u>51,991</u>	<u>50,622</u>	<u>1,369</u>
Total Disbursements	<u>\$ 51,991</u>	<u>\$ 51,991</u>	<u>\$ 50,622</u>	<u>\$ 1,369</u>
Receipts (Under) Disbursements	<u>(11,991)</u>	<u>(11,991)</u>	<u>(11,991)</u>	<u>-</u>
Net Change in Fund Balances	(11,991)	(11,991)	(11,991)	-
Fund Balances Beginning of Year, Unreserved	33,528	33,528	33,528	-
Prior Year Encumbrances Appropriated	<u>11,991</u>	<u>11,991</u>	<u>11,991</u>	<u>-</u>
Fund Balances End of Year, Unreserved	<u>\$ 33,528</u>	<u>\$ 33,528</u>	<u>\$ 33,528</u>	<u>\$ -</u>

See accompanying notes

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 1 – REPORTING 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. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and 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 remaining 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 or 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 of the largest populations;
- d. The director of the county department of job and family services;
- e. The executive director of the public children services agency;
- 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 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 3301.32 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 "Individuals with Developmental Disabilities Act of 2004";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 1 – REPORTING ENTITY (Continued)

In addition, 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. 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. Participate in the development of a countywide, 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";
- d. Maintain an accountability system to monitor the county council's progress in achieving results for families and children;
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

A county council's shall develop and implement the following:

- a. An interagency process to establish local indicators and monitor the county's progress toward increasing child well-being in the county;
- b. An interagency process to identify local priorities to increase child well-being. The local priorities shall focus on expectant parents and newborns thriving; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and youth successfully transitioning into adulthood and take into account the indicators established by the cabinet council under division (a)(4)(a) of Ohio Revised Code Section 121.37;
- c. An annual plan that identifies the county's interagency efforts to increase child well-being in the county.

A. Primary Government

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides for intersystem coordination

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 1 – REPORTING ENTITY (Continued)

A. Primary Government (Continued)

of services, administration and development and execution of a plan that seeks to improve the wellbeing of children and families in Wayne County. The Council, the Executive Committee, and the Executive Director have direct responsibility for these activities.

B. Component Units

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; or the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Council, are accessible to the Council are significant in amount to the Council has no component units.

The Council management believes these basic financial statements present all activities for which the Council is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2. C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Council's accounting policies.

A. Basis of Presentation

The Council's basic financial statements consist of government-wide statements, including a statement of net assets, a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Health District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

The statement of net assets presents the cash balances of the governmental activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Council are presented in two categories: governmental and fiduciary.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's major governmental funds:

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required by law or contract to be restricted.

Children's Trust Fund

For fiscal year ending June 30, 2010, \$38,631 was received from the Ohio Children's Trust Fund. Section 3109.18, Revised Code, requires a fund known as the Children's Trust Fund to be established in the County Treasury. The Council has been designated the advisory board for this fund and deposits all money received into the Trust Fund. The county auditor acting as the fiscal agent will distribute money from the fund at the request of the Council.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organization, or other governments and are not available to support the Council's own programs. The Council did not have any trust funds in the fiscal year ended June 30, 2010.

C. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

ORC Section 121.37(B) establishes budgetary requirements for the Council. The Council shall file an annual budget with its administrative agent, with copies filed with the County Auditor.

E. Administrative / Fiscal Agent

Section 121.37 (B) (5) (a), Revised Code, requires each county council to designate an administrative agent for the council. The Mental Health & Recovery Board of Wayne and Holmes Counties serves as the Wayne County Family and Children First Council's administrative and fiscal agent. The Wayne County Auditor, in turn, is the designated fiscal agent for the Mental Health & Recovery Board of Wayne and Holmes Counties and the Council.

The administrative agent agrees to:

1. Serve as the Council's appointing authority;
2. Exercise spending authority within the limits of the annual budget developed and approved by the council:
3. Perform the following on behalf of Council, but only upon the expressed approval of and direction by Council:
 - a. Enter into written agreements or administer contracts with public or private entities to fulfill specific Council business.
 - b. Provide financial stipends, reimbursements, or both, to family representatives for expenses related to purposes for which the Council is established.
 - c. Receive by gift, grant, devise, or bequest any moneys, land, or other property for the purposes for which the Council is established.

As the administrative agent, the Board pays for all administrative expenses associated with the council's operations. These expenses do not appear within the financial statements of the Council.

F. Cash and Investments

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash, which are reported at the County

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Investments (Continued)

Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

H. Contracted Services

The Contract Service Council Coordinator is a paid employee of the Mental Health and Recovery Board of Wayne and Holmes Counties. The funds used to pay the salary of the Grant Coordinator are derived from a state administrative grant and local contributors.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Last year the Council reported fund financial statements by fund type using the basis of accounting principles generally accepted in the United States of America (GAAP). This year the Council has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column. Additionally, the Council had determined that resources for prior fiscal year ended June 30, 2009 accounted for in the Council's "Help Me Grow", "Child & Family Health Services", and "Other" special revenues funds, are used for the same purpose as the general fund which is to pay the costs of contracts with local agencies that advocate or provide services to families and children. Because of this, all of the special revenue funds from the prior fiscal year, except for the "Children's Trust Fund" (which was aggregated as part of "Other" funds for the prior fiscal year), have been reclassified as general funds.

Also as described in note 2, the Council has elected to report on the cash basis of accounting. The transition from the GAAP basis of accounting to the cash basis of accounting and the reclassification of special revenue funds generated the following changes to fund balance/equity as previously reported at June 30, 2009. The calculation of net assets of governmental activities a June 30, 2009 is also presented.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY
(Continued)

	<u>General</u>	<u>Help Me Grow (HMG)</u>	<u>Child & Family Health Services</u>	<u>Other</u>	<u>Children Trust Fund</u>	<u>Total Governmental Funds</u>
Fund Balance June 30, 2009	\$ 289,961	\$ -	\$ -	\$ -	\$ -	\$ 289,961
Receivables	(19,038)	(18,155)	(12,622)	(18,002)	-	(67,817)
Accounts Payable	174,049	90,831	12,622	46,353	-	174,049
Advance Payable	446,000	-	-	-	-	446,000
Reclassification of Special Revenue Funds to Children Trust Fund	-	-	-	(45,519)	45,519	-
Reclassification of Special Revenue Funds to General Fund	<u>55,508</u>	<u>(72,676)</u>	<u>-</u>	<u>17,168</u>	<u>-</u>	<u>-</u>
Adjusted Fund Balance June 30, 2009	\$ <u>796,674</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>45,519</u>	\$ <u>842,193</u>
Government-Wide Financial Statement Adjustments:						<u>-</u>
Government Activities Net Assets June 30, 2009						\$ <u>842,193</u>

NOTE 4 – RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; and errors and omissions. During the year ended June 30, 2010, the government was covered by risk of loss under Wayne County's general liability insurance policy, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its coverage in any of the past three fiscal years.

NOTE 5 - PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Council's Grant Coordinator belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 10.0% of their gross salaries for the period July 1 through June 30, 2010. The Mental Health and Recovery Board of Wayne and Holmes Counties (the Board), as fiscal and administrative agent of the Council, also contributed 14% of participants' gross salaries for the same time period. The Board has paid all contributions required through June 30, 2010, and recorded the expense on its financial statements.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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

NOTE 6 – PUBLIC ENTITY RISK POOLS

Equity in Pooled Cash

The Wayne County Auditor maintains a cash pool used for the County's funds and for the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Wayne County Auditor at June 30, 2010 was \$961,146. The Wayne County Auditor, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

NOTE 7 - CONCENTRATIONS OF SUPPORT

The Family and Children First Council receives approximately 37% of its annual budget from public Funders and 6% from private child support & social security payments in order to support various residential treatment placements and community based treatment programs. The Council also receives approximately 57% of its annual revenue from other government grants. Any significant decrease in the annual funding would significantly affect budgeted operations.

NOTE 8 - FUNDING AGREEMENT

During the fiscal year ended June 30, 2009, the Family and Children First Council executed an agreement with the Wayne County Children Services Board for a \$446,000 advance. Terms specify that repayment is to be made within 45 days of notice to the Council.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Wayne County Family and Children First Council
Wayne County
1985 Eagle Pass
Wooster, Ohio 44691

To the Members of Council:

We have audited the accompanying financial statement of the Wayne County Family and Children First Council, (the Council) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 2010, wherein we noted the Council prepares its financial statements on the cash basis, which is a comprehensive basis of accounting other 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 Government Auditing Standards, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal controls such that there is a reasonable probability that results in more than a remote likelihood that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the audit committee, management, and the Members of the Council, and is not intended to be and should not be used by anyone other than these specified parties.

Linc, Malachin, Dennis & Dimengo, Inc.

Linc, Malachin, Dennis & Dimengo, Inc.
Akron, OH

December 20, 2010



Dave Yost • Auditor of State

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

WAYNE 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
MARCH 15, 2011**