

**BUTLER COUNTY FAMILY AND
CHILDREN FIRST COUNCIL**

Basic Financial Statements

Year Ended June 30, 2009

With Independent Auditors' Report



Mary Taylor, CPA

Auditor of State

Butler County Family and Children First Council
1910 Fairgrove Avenue, Suite B
Hamilton, Ohio 45011

We have reviewed the *Independent Auditors' Report* of the Butler County Family and Children First Council, Butler County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2008 through June 30, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Butler County Family and Children First Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 22, 2009

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INDEPENDENT AUDITORS' REPORT

To the Members of the
Butler County Family and Children First Council:

We have audited the accompanying financial statements of the Butler County Family and Children First Council (the Council), as of and for the year ended June 30, 2009, which collectively comprise the Council's basic financial statements. 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 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 1, the Council has prepared its 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended June 30, 2008. Instead of the combined funds the accompanying financial statements present for the year ended June 30, 2009, the revisions require presenting entity wide statements and also presenting the Council's 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 reformat its financial statements. 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 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the respective financial position of the Butler County Family and Children First Council as of June 30, 2009, or its changes in financial position thereof for the year then ended.

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Also in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council as of June 30, 2009, and its combined cash receipts and disbursements for the year ended on the basis of accounting described in Note 1.

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 November 30, 2009, on our consideration of Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
November 30, 2009

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Combined Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances - All Governmental Funds
Year Ended June 30, 2009

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Intergovernmental - local	\$ -	1,850,541	1,850,541
Intergovernmental - state and federal	190,769	758,607	949,376
Miscellaneous	25,000	967,980	992,980
Advance from fiscal agent	-	59,982	59,982
Total cash receipts	<u>215,769</u>	<u>3,637,110</u>	<u>3,852,879</u>
Cash disbursements:			
Salaries and benefits	169,584	2,467,100	2,636,684
Contractual services	14,904	648,752	663,656
Supplies and materials	54	44,678	44,732
Capital outlay	-	6,717	6,717
Other	76	209,852	209,928
Repayment of advance from fiscal agent	5,587	4,600	10,187
Total cash disbursements	<u>190,205</u>	<u>3,381,699</u>	<u>3,571,904</u>
Total cash receipts over cash disbursements	25,564	255,411	280,975
Fund cash balance, beginning of year	-	383,093	383,093
Fund cash balance, end of year	\$ <u>25,564</u>	<u>638,504</u>	<u>664,068</u>

See accompanying notes to the financial statements.

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Basic Financial Statements
Year Ended June 30, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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. 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 human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to the section 5153.15 of the Revised Code;
- e. The superintendent of the county board of developmental disabilities;
- f. 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;
- g. 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;
- h. A representative of the largest city in the county;
- i. The chair of the board of county commissioners, or an individual designated by the board;
- j. A representative of the regional office of the department of youth services;
- k. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- l. 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";

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Basic Financial Statements

Year Ended June 30, 2009

- m. 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 percent of the council's remaining membership.
- n. The county's Juvenile Court Judge will be considered the legal advisor to the council and may send representation to the council, but is not a mandated member of the council according to revisions of this section during 2006.

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, or invents new approaches to achieve better results for families and children;
- c. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- d. Maintenance of an accountability system to monitor the county council's progress in achieving results for families and children;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system;
- f. Participate in the development of a county service coordination mechanism;
- g. An interagency process to establish local indicators and monitor the county's progress toward increasing child well-being in the county;
- h. An interagency process to identify local priorities to increase child-well. The local priorities shall focus on expectant parents and newborns thrive; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and you successfully transitioning into adulthood and take into account the indicators established by the cabinet council;

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Basic Financial Statements

Year Ended June 30, 2009

- i. An annual plan that identifies the county's interagency efforts to increase child well-being in the county;
- j. On an annual basis, the county council shall submit a report on the status of efforts by the county to increase child well-being in the county to the county's board of county commissioners and the cabinet council. This report shall be made available to any other person on request.

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 and Drug Addiction Services, Board of Mental Health, Board of Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job and Family Services, family representatives, and the educational community. The purpose of the Family and 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 Director has been hired to administer all the Family and Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from a Collaborative Fee agreement derived from the agencies in the County. A Council Coordinator has been hired to support the operation, evaluation and collaborative functions of the Council. The salary of this employee is paid from the State Administrative grant received by the Council and from the Collaborative Fee agreement.

Administrative Council

The Administrative 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.

B. Basis of Presentation

This financial statement follows 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. These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Basic Financial Statements

Year Ended June 30, 2009

C. Fund Accounting

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

General Fund - The general fund is the general operating fund of the Council, and it consists of Council managed funds, such as the Pooled Fund. The general fund is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Fund— These funds were used to account for proceeds from specific sources. This includes Help Me Grow Grants and Community Wraparound.

D. Fiscal Agent

The Council designated the Butler County Educational Service Center (ESC) as their fiscal agent for all funds received in the name of the Council. The ESC maintains Council funds in the Center's cash pool as an agency fund separating grants by special cost center.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the Butler County Auditor, the ESC and the County Commissioners.

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 statement.

2. EQUITY IN POOLED CASH

The Council's cash pool is maintained by the ESC. The Ohio Revised Code prescribes allowable deposits and investments, and the ESC is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the ESC at June 30, 2009 was \$664,068.

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Basic Financial Statements

Year Ended June 30, 2009

3. RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocated the current employer contribution rate amount the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds.

4. RISK MANAGEMENT

The Council is covered under the Butler County Educational Service Center's insurance policy.

**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**

To the Members of the
Butler County Family and Children First Council:

We have audited the financial statements of the Butler County Family and Children First Council (the Council) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009, 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 *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 control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 grants 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Council and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
November 30, 2009



Mary Taylor, CPA
Auditor of State

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BUTLER 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
JANUARY 5, 2010**