

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY

FINANCIAL STATEMENTS
AUDITED

JUNE 30, 2007



Mary Taylor, CPA

Auditor of State

Members of the Council
Wayne County Family and Children First Council
2345 Gateway Dr., Suite C
Wooster, Ohio 44691

We have reviewed the *Report of Independent Auditors* of the Wayne County Family and Children First Council, prepared by Linc, Malachin, Dennis & Dimengo, Inc., for the audit period January 1, 2007 through June 30, 2007. 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 *Report of Independent Auditors* 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 *Report of Independent Auditors* 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 Wayne County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 11, 2008

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

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1915 West Market St., Ste. 900
Akron, Ohio 44313-6936

330.867.2800
FAX: 330.867.2144

REPORT OF INDEPENDENT AUDITORS

Wayne County Family and Children First Council
Wayne County
215 South Walnut Street
Wooster, Ohio 44691

To the Members of Council:

We have audited the accompanying statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types of the Wayne County Family and Children First Council, Wayne County, Ohio (the Council), as of and for the six months ended June 30, 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 *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 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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 six months ended June 30, 2007. Instead of the combined funds the accompanying financial statements present for 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, 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 financial position of the Council as of June 30, 2007 or its changes in financial position or cash flows of all governmental fund types for the six months then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Council as of June 30, 2007, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the six month ended June 30, 2007. 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 December 26, 2007, 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 grants. 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* and should be read in conjunction with this report in considering the results of our audit.

Linc, Malachin, Dennis & Dimengo, Inc.

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

December 26, 2007

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE SIX MONTHS ENDED JUNE 30, 2007**

	General	Special Revenue	Total Memorandum
Cash Receipts:			
Individual Case Plan Revenue	\$ 258,583	\$ -	\$ 258,583
Special Projects Revenue	364,347	-	364,347
Children's Trust Fund Revenue	-	19,316	19,316
21st Century Grant Revenue	103,951	-	103,951
	-	-	-
Total Cash Receipts	\$ 726,881	\$ 19,316	\$ 746,197
 Cash Disbursements:			
Current:			
Family Council Shared Funding Contracts	\$ 252,098	\$ -	\$ 252,098
Special Projects Contracts	307,220	-	307,220
Children's Trust Fund Projects	-	11,096	11,096
21st Century Grant Projects	106,424	-	106,424
	-	-	-
Total Cash Disbursements	665,743	11,096	676,839
Total Cash Receipts Over / (Under) Cash Disbursements	61,139	8,220	69,358
Fund Cash Balances, January 1	573,942	-	573,942
	-	-	-
Fund Cash Balances, June 30	\$ 635,080	\$ 8,220	\$ 643,300
Reserve for Encumbrances June 30	298,838	-	298,838

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. 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, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the 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.

B. Basis of Accounting

These financial statements were prepared on the basis of accounting prescribed by the Auditor of State. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

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

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The Council classifies its funds into the following fund type:

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.

Special Revenue - Children's Trust Fund

During 2007 \$19,316 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. As of June 30, 2007 the balance in this fund was \$ 8,220.

D. 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.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Related Party Transactions

As of June 30, 2006, the Council owes a total of \$446,000 to the Mental Health and Recovery Board of Wayne and Holmes Counties (the Board) for operating cash advances. Terms specify that repayment is to be made within 45 days of notice to the First Council by the Board.

2. BUDGETARY ACTIVITY

Budgetary activity for the six months ended June 30, 2007 follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>		<u>Budgeted Receipts</u>		<u>Actual Receipts</u>		<u>Variance</u>
General	\$	726,882	\$	726,882	\$	-
Special Revenue		<u>19,315</u>		<u>19,315</u>		<u>-</u>
Total	\$	<u><u>746,197</u></u>	\$	<u><u>746,197</u></u>	\$	<u><u>-</u></u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>		<u>Appropriation Authority</u>		<u>Budgetary Expenditures</u>		<u>Variance</u>
General	\$	1,523,128	\$	964,582	\$	558,546
Special Revenue		<u>11,096</u>		<u>11,096</u>		<u>-</u>
Total	\$	<u><u>1,534,224</u></u>	\$	<u><u>975,678</u></u>	\$	<u><u>55,756</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

3. 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, 2007 was \$ 643,300. 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.

4. 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. For the six months ended June 30, 2007, PERS members contributed 9.5% of their gross salaries. The Mental Health and Recovery Board of Wayne and Holmes Counties (the Board), as fiscal and administrative agent of the Council, also contributed 13.85% of participants' gross salaries for the same time period. The Board has paid all contributions required through June 30, 2007, and recorded the expense on its financial statements.

**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
2345 Gateway Drive Suite C
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 six month ended June 30, 2007, and have issued our report thereon dated December 26, 2007, wherein we noted the Council follows the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting 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 in order to determine 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 affect the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed or permitted by the Auditor of State such that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of 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 Council's internal control.

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 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.

We also noted certain additional matters that we reported to members of the Council, in a separate letter dated December 26, 2007.

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

Linc, Malachin, Dennis & Dimenzo, Inc.

Linc, Malachin & Dennis, Inc.
Akron, OH

December 26, 2007



Mary Taylor, CPA
Auditor of State

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 6, 2008**