



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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Mary Taylor, CPA Auditor of State

Family and Children First Council
Hancock County
7746 County Road 140, Suite A
Findlay, Ohio 45840-1978

To the Members of the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 2, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Hancock County
7746 County Road 140, Suite A
Findlay, Ohio 45840-1978

To the Members of the Council:

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

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended June 30, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2010 and 2009, or its changes in financial position for the years then ended.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2010, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

December 2, 2010

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$17,414	\$293,887	\$311,301
Membership Dues	5,500		5,500
Charges for Services	15,716		15,716
Other Receipts	889	6,163	7,052
	<u>39,519</u>	<u>300,050</u>	<u>339,569</u>
Total Cash Receipts			
	<u>39,519</u>	<u>300,050</u>	<u>339,569</u>
Cash Disbursements:			
Current:			
Salaries	31,279	136,986	168,265
Benefits	11,790	36,048	47,838
Contract Services	4,821	42,867	47,688
Supplies and Materials	3,256	17,486	20,742
Other		500	500
	<u>51,146</u>	<u>233,887</u>	<u>285,033</u>
Total Cash Disbursements			
	<u>51,146</u>	<u>233,887</u>	<u>285,033</u>
Total Receipts Over/(Under) Disbursements	<u>(11,627)</u>	<u>66,163</u>	<u>54,536</u>
Fund Cash Balances, July 1	<u>19,290</u>	<u>23,225</u>	<u>42,515</u>
Fund Cash Balances, June 30	<u>\$7,663</u>	<u>\$89,388</u>	<u>\$97,051</u>
Reserves for Encumbrances, June 30	<u><u>\$865</u></u>	<u><u>\$5,310</u></u>	<u><u>\$6,175</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$21,157	\$283,094	\$304,251
Membership Dues	10,500		10,500
Charges for Services	23,315		23,315
Other Receipts	1,050	900	1,950
	<u>56,022</u>	<u>283,994</u>	<u>340,016</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	32,054	217,798	249,852
Benefits	11,257	37,958	49,215
Contract Services	4,017	37,435	41,452
Supplies and Materials	972	27,609	28,581
Administrative Fees	1,285		1,285
	<u>49,585</u>	<u>320,800</u>	<u>370,385</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>6,437</u>	<u>(36,806)</u>	<u>(30,369)</u>
Fund Cash Balances, July 1	<u>12,853</u>	<u>60,031</u>	<u>72,884</u>
Fund Cash Balances, June 30	<u>\$19,290</u>	<u>\$23,225</u>	<u>\$42,515</u>
Reserves for Encumbrances, June 30	<u>\$900</u>	<u>\$5,245</u>	<u>\$6,145</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code § 121.37 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 section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and 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;
- 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 20 percent of the council's remaining membership.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the Education of the Handicapped Act Amendments of 1986;
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

The Council 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 transactions are reflected in a self-balancing group of accounts.

1. **General Fund** - 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.

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The Council had the following sources of funding:

Intergovernmental Receipts - Funds received from the Administration Grants.

Local Agency Contributions – Funds received from various Hancock County agencies for dues and donations.

Charges For Services - Reimbursements for the cost of Council employees working on the grant programs.

- 2. Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

Help Me Grow - TANF Fund -This fund receives monthly reimbursements from Job and Family Services for services Council provides to eligible families.

D. Fiscal Agent

The Hancock County Educational Service Center served as administrative agent and fiscal agent for the Council. Council funds are maintained in a separate agency fund by the Treasurer of the Hancock County Educational Service Center.

E. Budgetary Process

The Ohio Revised Code requires the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

The Hancock County Educational Service Center serving as fiscal officer for the Council reserves (encumbers) appropriations when commitments are made.

A summary of fiscal years 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Hancock County Education Service Center maintains a cash pool used by all of the Educational Service Center's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Educational Service Center at June 30, 2010, was \$97,051 and at June 30, 2009, was \$42,515. The Educational Service Center, as custodian for the Council, is responsible for maintaining adequate depository collateral for all funds in the

Educational Service Center's pooled deposit accounts.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,487	\$39,519	(\$16,968)
Special Revenue	312,736	300,050	(12,686)
Total	\$369,223	\$339,569	(\$29,654)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,487	\$52,011	\$4,476
Special Revenue	312,736	239,197	73,539
Total	\$369,223	\$291,208	\$78,015

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,914	\$56,022	(\$7,892)
Special Revenue	344,034	283,994	(60,040)
Total	\$407,948	\$340,016	(\$67,932)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,914	\$50,485	\$13,429
Special Revenue	344,034	326,045	17,989
Total	\$407,948	\$376,530	\$31,418

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

4. RETIREMENT SYSTEM

The Council's employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2010 and 2009, members of SERS contributed 10 percent of their gross salaries and the Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2010.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Hancock County Educational Service Center.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Family and Children First Council
Hancock County
7746 County Road 140, Suite A
Findlay, Ohio 45840-1978

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Hancock County, (the Council) as of and for the years ended June 30, 2010 and 2009, and have issued our report thereon dated December 2, 2010, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the finance committee, management and Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

December 2, 2010



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

HANCOCK 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
DECEMBER 16, 2010**