



**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDING DECEMBER 31, 2009 AND 2010



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Ottawa County
8043 West State Route 163
Suite 200
Oak Harbor, Ohio 43449-8877

To 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.

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Dave Yost
Auditor of State

March 16, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Ottawa County
8043 West State Route 163
Suite 200
Oak Harbor, Ohio 43449-8877

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Ottawa County, Ohio (the Council), as of and for the years ended December 31, 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 December 31, 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 December 31, 2010 or 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 of the Family and Children First Council, Ottawa County, as of December 31, 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 March 16, 2011, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

March 16, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Agency Contributions	\$7,739	\$46,920	\$54,659
Intergovernmental	\$33,770	259,841	293,611
Total Cash Receipts	<u>41,509</u>	<u>306,761</u>	<u>348,270</u>
Cash Disbursements:			
Current:			
Salaries & Benefits	25,853	9,583	35,436
Travel Expenses	941	289	1,230
Rent Expenses	2,644		2,644
Indirect Cost	2,217		2,217
Office Supplies/Equipment	582		582
Contract Services	238	244,179	244,417
Miscellaneous	3,161	1,275	4,436
Total Cash Disbursements	<u>35,636</u>	<u>255,326</u>	<u>290,962</u>
Total Cash Receipts Over Cash Disbursements	5,873	51,435	57,308
Fund Cash Balances, January 1	18,572	48,212	66,784
Fund Cash Balances, December 31	<u><u>\$24,445</u></u>	<u><u>\$99,647</u></u>	<u><u>\$124,092</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Agency Contributions	\$10,626	\$59,658	\$70,284
Intergovernmental	\$31,764	222,645	254,409
Total Cash Receipts	<u>42,390</u>	<u>282,303</u>	<u>324,693</u>
Cash Disbursements:			
Current:			
Salaries & Benefits	41,170	56,044	97,214
Travel Expenses	771	134	905
Rent Expenses	2,892		2,892
Audit Expenses	4,124		4,124
Office Supplies/Equipment	641		641
Contract Services		165,894	165,894
Parent Stipend	175		175
Miscellaneous	7,356	1,110	8,466
Total Cash Disbursements	<u>57,129</u>	<u>223,182</u>	<u>280,311</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	(14,739)	59,121	44,382
Fund Cash Balances, January 1	33,311	(10,909)	22,402
Fund Cash Balances, December 31	<u>\$18,572</u>	<u>\$48,212</u>	<u>\$66,784</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 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. 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 per cent of the council's 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 and 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 with 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 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 board of county commissioners 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 Disabilities Education Act of 2004";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The county's juvenile court judge senior in service shall serve as the Council's judicial advisor. 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. Referrals to the cabinet council of those children for whom the county 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. Participation 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 "Individuals with Disabilities Education Act of 2004";
- 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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

Help Me Grow - GRF - State and Federal monies used to fund services for families and children.

D. Administrative Agent

The Ottawa County Department of Job and Family Services serves as administrative agent for the Council. Council funds are maintained in a separate agency fund by the Ottawa County Auditor.

E. 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.

F. 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.

2. EQUITY IN POOLED CASH

The Ottawa County Treasurer maintains a cash pool used by all the County'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 County at December 31, 2010, was \$124,092 and at December 31, 2009, was \$66,784. The County as fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the agent's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Council contributed an amount equal to 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2010.

4. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Ottawa County Commissioners.

5. CONTINGENT LIABILITIES

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



Dave Yost • 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
Ottawa County
8043 West State Route 163
Suite 200
Oak Harbor, Ohio 43449-8877

To the Council:

We have audited the financial statements of the Family and Children First Council, Ottawa County, Ohio (the Council), as of and for the year ended December 31, 2010 and 2009, and have issued our report thereon dated March 16, 2011 wherein we noted the Council uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 Government'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 Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 management, the audit committee, Members of Council, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 16, 2011



Dave Yost • Auditor of State

OTTAWA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

OTTAWA 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
APRIL 12, 2011