



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

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# Dave Yost • Auditor of State

Family and Children First Council  
Sandusky County  
1001 Castalia Street  
Fremont, Ohio 43420-4015

To the Members of 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

July 18, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Sandusky County  
1001 Castalia Street  
Fremont, Ohio 43420-4015

To the Members of Council:

We have audited the accompanying financial statements of Family and Children First Council, Sandusky 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 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, Sandusky 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.

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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 July 18, 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.

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

July 18, 2011



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$42,493	\$337,823	\$380,316
Membership Fees	41,500		41,500
Administrative Fees	18,252		18,252
Other Revenue	3,873		3,873
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	106,118	337,823	443,941
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	90,633		90,633
Travel and Training	5,529	1,500	7,029
Office Supplies	3,413		3,413
Contract Services	19,325	283,561	302,886
Human Services	4,412	12,253	16,665
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	123,312	297,314	420,626
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(17,194)	40,509	23,315
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	217,666	81,855	299,521
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$200,472</u></b>	<b><u>\$122,364</u></b>	<b><u>\$322,836</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$23,173	\$421,335	\$444,508
Membership Fees	53,600		53,600
Administrative Fees	37,273		37,273
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	114,046	421,335	535,381
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	86,989		86,989
Travel and Training	5,095		5,095
Office Supplies	3,827		3,827
Contract Services	578	347,087	347,665
Human Services	2,716	66,628	69,344
Other	4,439	12,352	16,791
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	103,644	426,067	529,711
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	10,402	(4,732)	5,670
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	207,264	86,587	293,851
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$217,666</u></b>	<b><u>\$81,855</u></b>	<b><u>\$299,521</u></b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$3,476</u>	<u>\$130,162</u>	<u>\$133,638</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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. 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 § 5153.15 of the Revised Code.
- e. The superintendent of the county board of mental retardation and developmental disabilities.
- f. The county's juvenile court judge senior in service.
- 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 largest city in the county.
- j. The chair 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 §3301.31 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 "Education of the Handicapped Act Amendments of 1986."
- n. 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

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. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

In accordance with Ohio Revised Code, the Council's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for Council monies. The Council's assets are held in the County's Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are 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 (other than from private-purpose 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 Fund - This fund receives revenue provided by the State agencies to be used for programs aimed at identifying at risk children ages zero to three. It provides assessments and services for children at risk with participation delays.

**E. Administrative/Fiscal Agent**

The Sandusky County Board of Developmental Disabilities serves as administrative agent for the Council. Council funds are maintained in separate funds by the Sandusky County Auditor, as fiscal agent.

**F. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. The Council approved budget must be filed with the administrative agent with copies given to the County Commissioners and County Auditor. Auditor of State Bulletin 98-007 requires Council to annually approve appropriation measures and subsequent amendments.

**G. 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.

**H. 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  
SANDUSKY COUNTY**

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

**2. Equity in Pooled Deposits**

The Sandusky County Treasurer maintains a deposit 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 carrying amount of deposits at December 31 was as follows:

	2010	2009
Total deposits	\$322,836	\$299,521

**3. Retirement System**

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

**4. Risk Management**

**A. General Insurance**

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2010, the County Commissioners on behalf of County Departments including Council, contracted with County Risk Sharing Authority (CORSA) for liability insurance. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA are as follows:

Type of Coverage	Amount
General Liability (per occurrence)	\$ 1,000,000
Crime Insurance:	
Faithful Performance	1,000,000
Depositor's Forgery	1,000,000

With the exceptions of health insurance, life insurance, and workers' compensation, all insurance is held with CORSA. There has been no significant reduction in coverage from the prior year, and settled claims have not exceeded limits of coverage in the past three years.

**B. Health Insurance**

The County Commissioners provide comprehensive health and vision insurance coverage to the Council employee through a traditionally funded plan. The County Commissioners purchase commercial health insurance coverage through Community Health Plan of Ohio. The County pays 87 percent of the monthly premium while the employee pays 13 percent. The entire risk of loss transfers to the commercial insurance carrier.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**5. Contingent Liabilities**

Amounts grantor agencies pay to the Council 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 any refunds would be immaterial.

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# 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  
Sandusky County  
1001 Castalia Street  
Fremont, Ohio 43420-4015

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Sandusky County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 18, 2011, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes rather than the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

### **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, the Council and others within the Council. We intend it for no one other than these specified parties.

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**Dave Yost**  
Auditor of State

July 18, 2011

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2010-001**

**Material Weakness**

**Financial Reporting**

Errors were noted in the financial statements that required material audit reclassifications in the General fund. In 2010 and 2009, membership fees in the amounts of \$25,500 and \$18,500 were misclassified as intergovernmental revenue and administration fees in the amount of \$11,782 were misclassified as membership fees (\$9,536) and other revenue (\$2,246). In 2009, administration fees in the amount of \$18,454 were misclassified as membership fees.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Council's financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and governing board, to identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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# Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**SANDUSKY 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  
AUGUST 4, 2011**