

**Tuscarawas County Family and
Children First Council**

Audited Financial Statements

December 31, 2010 and 2009



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.



Dave Yost • Auditor of State

Tuscarawas County Family and Children First Council
1260 Monroe Street
Suite 27N
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas County Family and Children First Council, Tuscarawas County, prepared by Rea & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 Auditor's 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 Auditor's 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 Tuscarawas County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 30, 2011

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TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL



**AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

June 2, 2011

Tuscarawas County Family and Children First Council
PO Box 1017
New Philadelphia, OH 44663

Independent Auditor's Report

We have audited the accompanying financial statements of the Tuscarawas County Family and Children First Council (the Council) as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. 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 audits 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 audits provide a reasonable basis for our opinion.

As described 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. 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.

Instead of the combined funds the accompanying financial statements present for 2010 and 2009, generally accepted accounting principles require presenting the entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Council does not follow generally accepted accounting principles, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the generally accepted accounting principles 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 the Council does not use generally accepted accounting principles 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-generally accepted accounting principles 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 of the Tuscarawas County Family and Children First Council, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended in conformity with the basis of accounting described in Note 1.

Generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. 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 a part of the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated June 2, 2011 on our consideration of the Government'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, and should be considered in assessing the results of our audit.

Rea & Associates, Inc.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS 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>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 28,520	\$ 276,045	\$ 304,565
Administrative	23,898	0	23,898
Other	165	0	165
	<u>52,583</u>	<u>276,045</u>	<u>328,628</u>
Total Cash Receipts			
	<u>52,583</u>	<u>276,045</u>	<u>328,628</u>
Cash Disbursements:			
Current:			
Salaries	19,616	8,763	28,379
Employee Fringe Benefits	5,095	0	5,095
Contract Services	2,732	151,190	153,922
Treatment Services	0	35,139	35,139
Material & Supplies	1,114	0	1,114
Advertising and Printing	113	0	113
Travel Reimbursements	1,184	0	1,184
Capital Outlay	500	0	500
Other	3,317	0	3,317
	<u>33,671</u>	<u>195,092</u>	<u>228,763</u>
Total Cash Disbursements			
	<u>33,671</u>	<u>195,092</u>	<u>228,763</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>18,912</u>	<u>80,953</u>	<u>99,865</u>
	<u>18,912</u>	<u>80,953</u>	<u>99,865</u>
Other Financing Sources (Uses):			
Advance In	0	4,710	4,710
Advance Out	(4,710)	0	(4,710)
	<u>(4,710)</u>	<u>4,710</u>	<u>0</u>
<i>Total other financing sources (uses)</i>			
	<u>(4,710)</u>	<u>4,710</u>	<u>0</u>
Fund Cash Balances, January 1	54,441	10,737	65,178
	<u>54,441</u>	<u>10,737</u>	<u>65,178</u>
Fund Cash Balances, December 31	<u>\$ 68,643</u>	<u>\$ 96,400</u>	<u>\$ 165,043</u>

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

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS 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>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 52,031	\$ 35,301	\$ 87,332
Administrative	1,300	0	1,300
Other	142	0	142
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,473	35,301	88,774
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	20,209	7,403	27,612
Employee Fringe Benefits	5,006	0	5,006
Contract Services	4,133	50,408	54,541
Treatment Services	0	9,857	9,857
Material & Supplies	714	721	1,435
Advertising and Printing	104	0	104
Travel Reimbursements	813	555	1,368
Capital Outlay	0	3,768	3,768
Other	800	420	1,220
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	31,779	73,132	104,911
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	21,694	(37,831)	(16,137)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	32,747	48,568	81,315
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 54,441	\$ 10,737	\$ 65,178
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of job and family services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
5. The superintendent of the county board of mental retardation and developmental disabilities;
6. 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;
7. 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;
8. A representative of the largest city in the county;
9. The chair of the board of county commissioners, or an individual designated by the board;
10. A representative of the regional office of the department of youth services;
11. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
12. 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";
13. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families; and
14. 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. 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.

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A county council's statutory responsibilities include the following:

1. Refer to the cabinet council those children for whom the council cannot provide adequate services;
2. 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;
3. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invests new approaches to achieve better results for families and children;
4. 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";
5. Maintain an accountability system to monitor the council's progress in achieving its purposes; and
6. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Tuscarawas County Job and Family Services served as administrative agent for the Tuscarawas County Family & Children First Council (Council) and through June 30, 2010. On July 1, 2010, the Alcohol, Drug, and Mental Health Services Board of Tuscarawas and Carroll Counties became the administrative agent for Council. The Tuscarawas County Auditor serves as the fiscal agent for the Council.

As of December 31, 2010, thirty two agencies are members of Tuscarawas County Family & Children First Council.

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

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).

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deposits and Investments

As required by Ohio Revised Code, the Tuscarawas County Treasurer is the custodian for the Council's cash. The County's cash and investment pool holds the Council's assets, valued at the County Treasurer's carrying amount.

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 Funds:

Creative Options Fund – This fund receives grant monies to help support children with non-behavioral health needs.

OCTF Local Advisory Board Fund – This fund receives grant monies to partially fund positive parenting programs.

Partnership for Success Fund – This fund receives grant monies to respond effectively to child and adolescent problem behaviors while promoting positive youth development. This funding source was eliminated by the state during 2009 calendar year, state fiscal year ending June 30, 2009

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. A summary of 2010 and 2009 budgetary activity appears in Note 2.

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.

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE 2 – BUDGETARY ACTIVITY

2010 Budgeted vs. Actual Receipts:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,069	\$52,583	\$ 33,514
Special Revenue	309,106	276,045	(33,061)
Total	\$328,175	\$328,628	\$ 453

2010 Budgeted vs. Actual Budgetary Basis Expenditures:

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,952	\$33,671	\$39,281
Special Revenue	319,282	195,092	\$124,190
Total	\$392,234	\$228,763	\$163,471

2009 Budgeted vs. Actual Receipts:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,325	\$53,473	\$ 7,148
Special Revenue	112,704	35,301	(77,403)
Total	\$159,029	\$88,774	\$ (70,255)

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 2 – BUDGETARY ACTIVITY (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures:

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,841	\$31,779	\$47,062
Special Revenue	157,406	73,132	84,274
Total	<u>\$236,247</u>	<u>\$104,911</u>	<u>\$131,336</u>

NOTE 3 – RETIREMENT SYSTEM

Member Employer Retirement Rates

The Council contributes to Ohio Public Employees Retirement System (OPERS) for the Council Coordinator. OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' 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.

NOTE 4 – RISK MANAGEMENT

Commercial Insurance

The Council is insured through Tuscarawas County. Tuscarawas County has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions.

NOTE 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 refund of any disallowed costs. Management cannot presently determine any amounts grantors may disallow. However, based on prior experience, management believes any refund would be immaterial.

NOTE 6 – INTERFUND ADVANCES OUTSTANDING

As of December 31, 2010, an interfund cash advance from the Council's General Fund to the Help Me Grow Grant Fund in the amount of \$4,710 was not repaid.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

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June 2, 2011

Tuscarawas County Family and Children First Council
Tuscarawas County
New Philadelphia, OH 44663

Independent Auditor's 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

We have audited the financial statements of the Tuscarawas County Family and Children First Council (the Council) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 2, 2011, wherein we noted the Council follows 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 audits, 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 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or 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 corrected on a timely basis.

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

Tuscarawas County Family and Children First Council
Tuscarawas County
June 2, 2011
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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*.

This report is intended for the information and use of the management and governing board, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



Dave Yost • Auditor of State

TUSCARAWAS FAMILY AND CHILDREN FIRST COUNCIL

TUSCARAWAS 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
JULY 14, 2011**