



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended June 30, 2011	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended June 30, 2010.....	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

This page intentionally left blank.



Dave Yost • Auditor of State

Family and Children First Council
Huron County
180 Milan Avenue
Norwalk, Ohio 44857-1168

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 Council 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.

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

Dave Yost
Auditor of State

October 9, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Huron County
180 Milan Avenue
Norwalk, Ohio 44857-1168

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Huron County, Ohio (the Council), as of and for the years ended June 30, 2011 and 2010. 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 audits.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audits 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 audits provide 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 governments 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, 2011 and 2010 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, 2011 and 2010, 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 as of June 30, 2011 and 2010 and the reserves for encumbrances as of June 30, 2010 of Family and Children First Council, Huron County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2012, 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 audits.

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

October 9, 2012

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$17,069	\$372,683	\$389,752
Interest	412	612	1,024
Local Government Support	6,000	20,000	26,000
Other Receipts	1,060		1,060
<i>Total Cash Receipts</i>	<u>24,541</u>	<u>393,295</u>	<u>417,836</u>
Cash Disbursements			
Current:			
Salaries and Benefits	33,842		33,842
Supplies	87		87
Purchased and Contractual Services	647	423,738	424,385
Travel	356		356
Other	295		295
<i>Total Cash Disbursements</i>	<u>35,227</u>	<u>423,738</u>	<u>458,965</u>
<i>Net Change in Fund Cash Balance</i>	<u>(10,686)</u>	<u>(30,443)</u>	<u>(41,129)</u>
<i>Fund Cash Balances, January 1</i>	<u>75,890</u>	<u>253,757</u>	<u>329,647</u>
Fund Cash Balances, December 31			
Restricted		223,314	223,314
Unassigned	65,204		65,204
<i>Fund Cash Balances, December 31</i>	<u>\$65,204</u>	<u>\$223,314</u>	<u>\$288,518</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$16,257	\$337,272	\$353,529
Interest	255	634	889
Local Government Support	12,000	10,000	22,000
Other Receipts	1,060		1,060
<i>Total Cash Receipts</i>	<u>29,572</u>	<u>347,906</u>	<u>377,478</u>
Cash Disbursements:			
Current Disbursements:			
Salaries and Benefits	33,832		33,832
Supplies	121		121
Equipment	1,392		1,392
Purchased and Contractual Services	1,414	163,683	165,097
Travel	957		957
Other	3,848		3,848
<i>Total Disbursements</i>	<u>41,564</u>	<u>163,683</u>	<u>205,247</u>
<i>Net Change in Fund Cash Balance</i>	<u>(11,992)</u>	<u>184,223</u>	<u>172,231</u>
<i>Fund Cash Balances, July 1</i>	<u>87,882</u>	<u>69,534</u>	<u>157,416</u>
<i>Fund Cash Balances, December 31</i>	<u>\$75,890</u>	<u>\$253,757</u>	<u>\$329,647</u>
<i>Reserves for Encumbrances, December 31</i>	<u></u>	<u>\$148,895</u>	<u>\$148,895</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010**

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 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 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;
- c. The health commissioner of the board of health of each city or general health Council in the county, or their designees;
- d. The director of the county department of jobs 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 Council 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 Councils with territory in the county, as designated at a biennial meeting of the superintendents of those Councils;
- 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
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(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.

The purpose of the county council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a county council shall provide for the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- c. 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 "Individuals with Disabilities Education Act of 2004";
- d. Maintain an accountability system to monitor the 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.

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. 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.

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of an Administrative Grant from the State and Local Government Support contributions. These are local monies contributed by Huron County agencies, including Mental Health and Recovery Services Board, Juvenile Court, Department of Job and Family Services, Huron County Commissioners, Developmental Disabilities Board, Norwalk City School District, North Point Educational Service Center, and Willard City School District.

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 Funds – These funds (TANF, GRF, Part C and Part C ARRA) receive federal and state grant monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

D. Fiscal Agent and Administrative Agent

Per Ohio Revised Code § 121.37 (B)(4), the Council designated the South Central Local School District as the administrative and fiscal agent for all Council funds.

E. Budgetary Process

The Ohio Revised Code and Auditor of State Bulletin 1998-007 require the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For fiscal year 2011, the Council has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. This change had no affect on the previously stated fund balances.

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For June 30, 2011 fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or a Council official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH

The South Central Local School District Treasurer maintains a cash pool used by the entire District, including the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Council's cash on deposit with the South Central Local School District Treasurer at June 30, 2011, and 2010, was \$288,518 and \$329,647 respectively. The South Central Local School District Treasurer, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the District's pooled and deposit accounts.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,329	\$24,541	\$6,212
Special Revenue	416,245	393,295	(22,950)
Total	\$434,574	\$417,836	(\$16,738)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,351	\$35,227	\$5,124
Special Revenue	445,093	423,738	21,355
Total	\$485,444	\$458,965	\$26,479

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,517	\$29,572	\$12,055
Special Revenue	387,174	347,906	(39,268)
Total	\$404,691	\$377,478	(\$27,213)

**FAMILY AND CHILDREN FIRST COUNCIL
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,651	\$41,564	\$87
Special Revenue	413,016	312,578	100,438
Total	\$454,667	\$354,142	\$100,525

4. 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 2011 and 2010, 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 June 30, 2011

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.

6. SUBSEQUENT EVENT

Effective July 1, 2012, the Council designated North Point Educational Service Center as the administrative and fiscal agent for all Council funds.



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
Huron County
180 Milan Avenue
Norwalk, Ohio 44857-1168

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Huron County, Ohio (the Council), as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 9, 2012, 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 and the Council implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the Comptroller General of the United States' *Government Auditing Standards*.

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 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 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 audits 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 did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated October 9, 2012.

We intend this report solely for the information and use of Council, the audit committee, 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

October 9, 2012



Dave Yost • Auditor of State

HURON FAMILY AND CHILDREN FIRST COUNCIL

HURON 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
NOVEMBER 8, 2012