



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2005 AND 2006**



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

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**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Seneca County  
201 S. Washington Street  
Tiffin, OH 44883-2890

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 a February 2, 2005, 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 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 cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

November 20, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Seneca County  
201 S. Washington Street  
Tiffin, OH 44883-2890

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Seneca County, (the Council) as of and for the years ended June 30, 2006 and 2005. 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the years ended June 30, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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 the new GAAP 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 this Council does not use GAAP 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-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, 2006 and 2005, 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, 2006 and 2005, 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, Seneca County, as of June 30, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended June 30, 2006 and 2005. 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 November 20, 2006, 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.



**Betty Montgomery**  
Auditor of State

November 20, 2006



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$ 33,500		\$ 33,500
Administrative Fees	16,329		16,329
Intergovernmental Revenues	20,000	\$ 457,990	477,990
Miscellaneous Revenues	250		250
	<u>70,079</u>	<u>457,990</u>	<u>528,069</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Salaries/Benefits	50,093	148,869	198,962
Purchased Services	19,532	295,185	314,717
Supplies and Materials	842	5,508	6,350
Equipment	1,349	3,788	5,137
Other	5,510	6,055	11,565
	<u>77,326</u>	<u>459,405</u>	<u>536,731</u>
<b>Total Disbursements</b>			
<b>Total Receipts Under Disbursements</b>	<u>(7,247)</u>	<u>(1,415)</u>	<u>(8,662)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	21,865	10,000	31,865
Advances Out	(10,000)	(21,865)	(31,865)
	<u>11,865</u>	<u>(11,865)</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	4,618	(13,280)	(8,662)
Fund Cash Balances, July 1	<u>56,258</u>	<u>140,600</u>	<u>196,858</u>
<b>Fund Cash Balances, June 30</b>	<u><b>\$ 60,876</b></u>	<u><b>\$ 127,320</b></u>	<u><b>\$ 188,196</b></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$ 36,000		\$ 36,000
Administrative Fees	15,723		15,723
Intergovernmental Revenues	26,407	\$ 562,067	588,474
Miscellaneous Revenues	300		300
	<u>78,430</u>	<u>562,067</u>	<u>640,497</u>
<b>Total Cash Receipts</b>			
	<u>78,430</u>	<u>562,067</u>	<u>640,497</u>
<b>Cash Disbursements:</b>			
Salaries/Benefits	48,526	92,919	141,445
Purchased Services	52,952	410,679	463,631
Supplies and Materials	592	4,158	4,750
Equipment		6,072	6,072
Other	2,719	7,171	9,890
	<u>104,789</u>	<u>520,999</u>	<u>625,788</u>
<b>Total Disbursements</b>			
	<u>104,789</u>	<u>520,999</u>	<u>625,788</u>
<b>Total Receipts Over (Under) Disbursements</b>	(26,359)	41,068	14,709
<b>Other Financing Receipts/(Disbursements):</b>			
Advances-In	55,356	21,865	77,221
Advances Out	(21,865)	(55,356)	(77,221)
	<u>33,491</u>	<u>(33,491)</u>	
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>33,491</u>	<u>(33,491)</u>	
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	7,132	7,577	14,709
<b>Fund Cash Balances, July 1</b>	49,126	133,023	182,149
	<u>49,126</u>	<u>133,023</u>	<u>182,149</u>
<b>Fund Cash Balances, June 30</b>	<u>\$ 56,258</u>	<u>\$ 140,600</u>	<u>\$ 196,858</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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:

- 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 jobs and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The 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 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 3301.31 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 "Individuals with Disabilities Education Act of 2004";

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

- n. At least three individuals 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;
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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 "Individuals with Disabilities Education Act of 2004";
- 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. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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.

**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 Agency contributions. These are local monies contributed by Seneca County agencies, including Mental Health and Recovery Services Board, Juvenile Court, School of Opportunity, City of Tiffin, City of Fostoria, Department of Job and Family Services, Seneca County Commissioners, Tiffin City School District, North Central Ohio Educational Service Center, Early Intervention, Board of Health, and Head Start.

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

*Multi System Therapy Program Fund* – Monies are received from Mental Health and Recovery Services, Juvenile Court and Job and Family Services to fund an intensive therapy program to help keep children in their home.

*Help Me Grow Fund* – Reimbursements from Job and Family Services for services Council provides to eligible families. Additionally, GRF and Part C funds are provided by the Ohio Department of Health.

*Wellness Block Grant Fund* – Monthly reimbursements from Job and Family Services for services Council provides to eligible families.

**D. Fiscal Agent and Administrative Agent**

The North Central Ohio Educational Services Center serves as administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the North Central Educational Service Center.

**E. Budgetary Process**

The Ohio Revised Code and AOS Bulletin 98-007 require that each fund be budgeted annually.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**G. Unpaid Sick and Vacation Leave**

Employees are entitled to cash payments for unused sick and vacation leave in certain circumstances, such as upon leaving employment. Unpaid sick and vacation leave is not reflected as liabilities under the cash basis of accounting used by the Council.

**2. EQUITY IN POOLED CASH**

The North Central Ohio Educational Service Center (the Educational Service Center) maintains a cash pool used by all of the Educational Service Center's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Educational Service Center at June 30, 2006, was \$188,196 and at June 30, 2005, was \$196,858. The Educational Service Center, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Educational Service Center's pooled deposit accounts.

**3. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members of SERS contributed 10 percent of their gross salaries and the Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2006.

**4. RISK MANAGEMENT**

The Council is insured for general liability and casualty by the North Central Ohio Educational Service Center.

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



**Auditor of State  
Betty Montgomery**

**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  
Seneca County  
201 S. Washington Street  
Tiffin, OH 44883-2890

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Seneca County, (the Council) as of and for the years ended June 30, 2006 and 2005, and have issued our report thereon dated November 20, 2006, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**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*.

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Family and Children First Council  
Seneca County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

November 20, 2006





**Auditor of State  
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL**

**SENECA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 14, 2006**