



**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

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Mary Taylor, CPA

Auditor of State

Family and Children First Council
Wyandot County
137-D South Sandusky Avenue
Upper Sandusky, Ohio 43351

To the Family and Children First 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 7, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Wyandot County
137-D South Sandusky Avenue
Upper Sandusky, Ohio 43351

To the Family and Children First Council:

We have audited the accompanying financial statements of the Family and Children First Council, Wyandot County, Ohio, (the Council) as of and for the years ended December 31, 2006, and December 31, 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.

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, 2006, and December 31, 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 December 31, 2006, and December 31, 2005, or its changes in financial position for the years then ended.

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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, Wyandot County, Ohio, as of December 31, 2006, and December 31, 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 7, the Council restated January 1, 2005 fund balances in the Special Revenue and General Fund due to reclassification of previously reported expenditures.

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 December 7, 2007, 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.



Mary Taylor, CPA
Auditor of State

December 7, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants	\$ 35,000	\$ 137,348	\$ 172,348
Miscellaneous	6,851	-	6,851
	<u>41,851</u>	<u>137,348</u>	<u>179,199</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	22,031	54,421	76,452
Retirement	4,012	6,228	10,240
Medicare	454	608	1,062
Insurance	5,327	7,458	12,785
Workers' Compensation	265	1,212	1,477
Travel	1,255	1,880	3,135
Purchased & Contracted Services	24,372	9,631	34,003
Equipment	1,214	1,837	3,051
Supplies	814	5,745	6,559
Other	1,231	7,899	9,130
	<u>60,975</u>	<u>96,919</u>	<u>157,894</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	(19,124)	40,429	21,305
Fund Cash Balances, January 1, 2006	<u>82,761</u>	<u>38,459</u>	<u>121,220</u>
Fund Cash Balances, December 31, 2006	<u>\$ 63,637</u>	<u>\$ 78,888</u>	<u>\$ 142,525</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants	\$ 35,000	\$ 138,028	\$ 173,028
Miscellaneous	13,599	-	13,599
	<u>48,599</u>	<u>138,028</u>	<u>186,627</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	13,143	60,117	73,260
Retirement	1,691	8,093	9,784
Medicare	191	827	1,018
Insurance	-	12,213	12,213
Workers' Compensation	249	298	547
Travel	133	3,200	3,333
Purchased & Contracted Services	12,713	16,129	28,842
Equipment	-	3,878	3,878
Supplies	-	4,841	4,841
Other	833	2,675	3,508
	<u>28,953</u>	<u>112,271</u>	<u>141,224</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	19,646	25,757	45,403
Fund Cash Balances, January 1, 2005 (restated)	<u>63,115</u>	<u>12,702</u>	<u>75,817</u>
Fund Cash Balances, December 31, 2005	<u>\$ 82,761</u>	<u>\$ 38,459</u>	<u>\$ 121,220</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37 of the Ohio Revised Code created the Ohio Family and Children First Cabinet Council and requires counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership;
- b. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the director of both boards;
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county;
- d. The director of the county department of job and family services;
- e. The executive director of the public children services agency;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each board of county commissioners of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners or an individual designated by the board;
- k. A representative from 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 the local nonprofit entity that funds, advocates, or provide services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

A county council's statutory responsibilities include the following:

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

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

C. Fund Accounting

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

1. General Fund

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

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds

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

Partnership for Success Grant Fund – This fund receives state grant money to provide programs to promote positive child and adolescent development, strengthen families, and respond more effectively to child and adolescent problem behaviors.

ABC Grant Fund – This fund receives state grant money to provide support and services for children with behavioral health and qualified non-behavioral health needs and their families across all child-serving systems, with a focus on child welfare and juvenile justice.

D. Fiscal Agent

The Wyandot County Treasurer is the Council's fiscal agent. Council funds are maintained in separate agency funds at the county.

E. Budgetary Process

Ohio Revised Code requires the Council to submit an expenditure budget annually to its administrative agent, the county auditor, and the board of county commissioners. The Council adopted a budget at the object level.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. 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.

G. 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 Wyandot County Treasurer maintains a cash pool used by all of the county's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the county at December 31, 2006, and December 31, 2005, was \$142,525 and \$121,220, respectively. The Wyandot County Treasurer, as fiscal agent for the County and also the Council, is responsible for maintaining adequate depository collateral for all funds in the county's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006, and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$41,851	(\$8,149)
Special Revenue	130,000	137,348	7,348
Total	\$180,000	\$179,199	(\$801)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,937	\$60,975	\$120,962
Special Revenue	114,617	96,919	17,698
Total	\$296,554	\$157,894	\$138,660

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,000	\$48,599	\$3,599
Special Revenue	9,884	138,028	128,144
Total	\$54,884	\$186,627	\$131,743

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,981	\$28,953	\$26,028
Special Revenue	133,023	112,271	20,752
Total	\$188,004	\$141,224	\$46,780

4. RETIREMENT SYSTEM

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local Government Group</i>	<i>2005</i>	<i>8.5%</i>	<i>13.55%</i>
<i>PERS – Local Government Group</i>	<i>2006</i>	<i>9.0%</i>	<i>13.70%</i>

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.

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. RETIREMENT SYSTEM (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9.0% and 8.5%, respectively, of their gross salaries and the Council contributed an amount equaling 13.70% and 13.55%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2006.

5. IN-KIND CONTRIBUTIONS

Wyandot County donated free rent to the Council in 2006 and 2005.

6. RISK MANAGEMENT

Insurance for comprehensive property and general liability is provided by Wyandot County.

7. FUND BALANCE RESTATEMENT

Expenditures previously reflected in the General fund were reclassified to the Wellness Block Grant and Family Stability Incentive Special Revenue Funds by the Council at January 1, 2005, as a result of misclassification of expenditures in previous years. The reclassification of these expenditures had the following effect on the fund balances as previously reported at December 31, 2004:

	General Fund	Special Revenue Fund
Fund Balance 12/31/04	\$39,807	\$36,010
Wellness Block Grant Adjustment	12,719	(12,719)
Family Stability Incentive Adjustment	10,589	(10,589)
Restated Fund Balance 01/01/05	\$63,115	\$12,702

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Mary Taylor, CPA

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
Wyandot County
137-D South Sandusky Avenue
Upper Sandusky, Ohio 43351

To the Family and Children First Council:

We have audited the financial statements of the Family and Children First Council, Wyandot County, Ohio, (the Council) as of and for the years ended December 31, 2006, and December 31, 2005, and have issued our report thereon dated December 7, 2007, 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 also noted the Council restated January 1, 2005 fund balances due to the reclassification of previously reported expenditures. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted a certain internal control matter that we reported to the Council's management in a separate letter dated December 7, 2007.

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 matter that we must report under *Government Auditing Standards*.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the finance committee, management, and the Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 7, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

2006-001

Financial Reporting – Significant Deficiency/Material Weakness

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

The following audit adjustment was made to the December 31, 2006 financial statement:

1. Adjustment of \$4,262 to properly classify insurance expenditures which were improperly posted as other expenditures.

The following audit adjustment was made to the December 31, 2005 financial statement:

1. Adjustment of \$23,308 to reclassify previously reported expenditures in the General fund to the Wellness Block Grant and Family Stability Incentive Special Revenue Funds. This adjustment resulted in a restatement at January 1, 2005.

The adjustments identified above should be reviewed by the Executive Director and Council to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Council should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Council's activity.

Officials' Response

Beginning in calendar year 2008, the Council will be provided with an original printout of the previous month's revenues and expenditures, which is produced by the county auditor's office. The Council will also be informed that such information is available for their review at any time by contacting the Executive Director.



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

WYANDOT 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
MARCH 6, 2008**