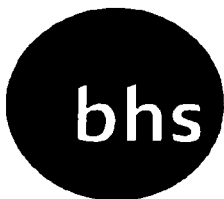


Fayette County Family and Children First Council

Fayette County

Regular Audit

For the Years Ended December 31, 2008-2007



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639



Mary Taylor, CPA

Auditor of State

Fayette County Family and Children First Council
133 South Main Street
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditor's Report* of the Fayette County Family and Children First Council, Fayette County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2007 through December 31, 2008. 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 Fayette County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 13, 2009

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Family and Children First Council
Fayette County, Ohio
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For the Years Ended December 31, 2008 and 2007

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Family and Children First Council
Fayette County, Ohio
133 South Main Street
Washington Court House, Ohio 43160

We have audited the accompanying financial statements of the Family and Children First Council, Fayette County, Ohio, (the Council) as of and for the years ended December 31, 2008 and 2007. 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.

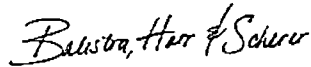
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2008 and 2007, 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 Council, as of the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Family and Children First Council
Fayette County, Ohio
Independent Auditor's Report
Page 2

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 June 30, 2009, on our consideration of the Council's internal control over financial reporting and on 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 the 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.



Balestra, Harr & Scherer, CPAs, Inc.
June 30, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 20,000	\$ 103,741	\$ 123,741
Miscellaneous	331	-	331
	<u>20,331</u>	<u>103,741</u>	<u>124,072</u>
Total Cash Receipts			
	<u>20,331</u>	<u>103,741</u>	<u>124,072</u>
Cash Disbursements:			
Current:			
Contractual - Client services	16,359	57,194	73,553
Travel	375	181	556
Miscellaneous	5,108	36,451	41,559
	<u>21,842</u>	<u>93,826</u>	<u>115,668</u>
Total Cash Disbursements			
	<u>21,842</u>	<u>93,826</u>	<u>115,668</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,511)	9,915	8,404
Fund Cash Balances, January 1	<u>30,937</u>	<u>17,589</u>	<u>48,526</u>
Fund Cash Balances, December 31	<u><u>\$ 29,426</u></u>	<u><u>\$ 27,504</u></u>	<u><u>\$ 56,930</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 31,913	\$ 90,568	\$ 122,481
Total Cash Receipts	<u>31,913</u>	<u>90,568</u>	<u>122,481</u>
Cash Disbursements:			
Current:			
Contractual - Client services	12,320	67,217	79,537
Miscellaneous	21,260	26,229	47,489
Total Cash Disbursements	<u>33,580</u>	<u>93,446</u>	<u>127,026</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,667)	(2,878)	(4,545)
Fund Cash Balances, January 1	<u>32,604</u>	<u>20,467</u>	<u>53,071</u>
Fund Cash Balances, December 31	<u><u>\$ 30,937</u></u>	<u><u>\$ 17,589</u></u>	<u><u>\$ 48,526</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Ohio Rev. 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. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of human services.
- f. The executive director of the county children's services board.
- g. The superintendent of the county board of MRDD.
- h. The administrative or the judge senior in service or his designee for the county's juvenile court.
- i. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county.
- j. The school superintendent representing all other school districts within the territory of the county, as designated at a biennial meeting of the superintendents of those districts.
- k. A representative of the municipal corporation with the largest population in the county.
- l. The chair of the board of county commissioners or a designee.
- m. A representative from the regional office of the Department of Youth Services.
- n. A representative of the county's head start agencies.
- o. A representative of the county's early intervention collaborative.
- p. A representative of the local nonprofit entity that funds, advocates or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a county-wide comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the Education of the Handicapped Act Amendments of 1986;
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Administrative Council

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

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.

C. Fund Accounting

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

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund is 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 accounted for in another fund. The Council maintains a General Fund for awards to the Council funded from state sources. During 2008 and 2007 the following programs were awarded to the Council: Council Administrative Funds Grant.

2. 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 maintains a special revenue fund for awards to the Council funded from state sources. During 2008 and 2007 the following programs were awarded to the Council: Ohio Children's Trust, FAST, Access to Better Care, and Help me Grow.

D. Fiscal Agent

The Fayette County Auditor serves as the Council's fiscal officer. The Fayette County Department of Job and Family Services serves as the Council's administrative agent.

E. Service Coordination Committee

The purpose of the Family and Children First Council is to identify and facilitate ways in which child/family serving agencies can enhance services in the most efficient and effective manner through collaborative strides. The Service Coordination Committee was established to develop and coordinate services for families and children on individual case specific bases.

A Service Coordination Committee Clerk has been contracted to maintain and monitor various clerical and information duties as they relate to the Committee. Because the Family and Children First programs administered by the Clerk affect all of the agencies within the Council membership, the salary of this employee is paid from the State Administrative Grant received by the Council.

F. Financial Review Committee

The Finance Review Committee will consist of Council members, with the opportunity for nonmembers participation if deemed appropriate by Council. The Finance Review Committee will work with the Treasurer and Fiscal Agent to oversee financial matters of the Council by monitoring reports, expenditures, contracts, and additional matters with financial impact on Council operations.

2. EQUITY IN POOLED CASH

The Fayette County Treasurer maintains a cash and investment pool used by all of Fayette County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments, and the County Treasurer is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the County Treasurer at December 31, 2008 and 2007 were \$56,930 and \$48,526 respectively.

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. RISK MANAGEMENT

The Council is covered under Fayette County's insurance policy.

BALESTRA, HARR & SCHERER CPAs, INC.

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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*

Family and Children First Council
Fayette County
133 South Main Street
Washington Court House, Ohio 43160

We have audited the accompanying financial statements of the Fayette County Family and Children First Council, Fayette County (the Council) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 30, 2009, wherein we noted the Council follows the 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 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 that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 entity'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 deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting: 2008-01, 2008-02.

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.

Fayette County Family and Children First Council

Fayette County

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*

Page 2

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, of the significant deficiencies described above, we believe findings 2008-01 and 2008-02 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Council's management in a separate letter dated June 30, 2009.

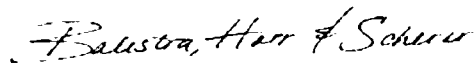
Compliance and Other Matters

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 that we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to management of the Council in a separate letter dated June 30, 2009.

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Council's responses, and accordingly, we express no opinion on them.

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



Balestra, Harr & Scherer, CPAs, Inc.

June 30, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

Schedule of Findings and Responses
For the Fiscal Years Ended December 31, 2008 and 2007

Finding 2008-01 – Significant Deficiency- Material Weakness

Material misstatements to the issued financial statements were identified by the Auditor which should have been prevented or detected by the Council's internal controls over financial reporting. The material misstatements were identified in the following areas:

- Miscellaneous Disbursements

The accompanying financial statements were adjusted to reflect the correction of the material misstatements. The Council should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Clients Response:

Council will put monitoring in place to ensure financial transactions will be accurate and completely reported. This will be monitored monthly when the general ledger is reviewed.

Finding 2008-02 – Significant Deficiency – Material Weakness

The Council has named the Fayette County Auditor as its fiscal agent. The accounting system's functions and object codes did not facilitate the tracing of receipts and expenditures to the Council's Annual Financial Report. The present accounting system being maintained by the fiscal agent does not identify which transactions relate to each line item on the financial statements. This resulted in a cumbersome reconciliation and adjustments to the Council's financial activity as reported on the annual report. This lack of detailed accounting records could adversely affect management's decisions and could lead to inaccurate financial reporting.

We recommend that the Administrative Agent work with the County Auditor as the Fiscal Agent of the Council to follow the guidance as provided in *Auditor of State Bulletin 98-007* which states that the FCFC is responsible for maintaining accounting records and such other documentation of council activities that would enable it to prepare, or have prepared on its behalf, cash basis financial statements and to demonstrate compliance with applicable laws, regulations and contracts. This can be done by:

- Establish detailed revenue and disbursement account codes under their unrestricted and restricted funds for the purpose of recording related estimated resources, appropriations, receipts and disbursements utilizing the breakdown of revenues and expenditures provided in the bulletin. This will provide detailed revenue and disbursement ledgers for each related item on the Council's annual report. This will facilitate the monthly and annual reconciliation and annual report preparation process.

We also recommend the Council reconcile its internal financial records with the financial information the fiscal agent provides them on a monthly basis, so that any differences can be identified and corrected in a timely manner. A copy of that reconciliation should be provided to the fiscal agent. This will help prevent the double reporting of Council funds, provide consistency in the budgetary and financial reporting process, and provide the most effective and efficient information for management and auditing purposes.

Clients Response:

A spreadsheet will be developed to capture revenue and expenditures. The spreadsheet will be used to compare with the County's general ledger monthly. Spreadsheet will also indicate line items.

**FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY
SHCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Material Weakness: Council's General and Special Revenue funds were commingled and reconciliation of internal financial records with the information the fiscal agent provides them on a monthly basis.	No	Partially Corrected See finding 2008-02
2006-002	Significant Deficiency: Maintain invoices to support their approved expenditures.	Yes	



Mary Taylor, CPA
Auditor of State

FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

FAYETTE 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 23, 2009**