



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Van Wert County
205 West Crawford
Van Wert, Ohio 45891

To the Council Members:

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 "Dave Yost".

Dave Yost
Auditor of State

October 26, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Van Wert County
205 West Crawford
Van Wert, Ohio 45891

To the Council Members:

We have audited the accompanying financial statements of the Family and Children First Council, Van Wert County, (the Council) as of and for the years ended June 30, 2012 and 2011. 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 June 30, 2012 and 2011, 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, 2012 and 2011, 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, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 3, during 2011 the Family and Children First 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 26, 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 audit.

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 26, 2012

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants	\$15,750	\$162,603	\$178,353
Donations	1,088		1,088
Total Cash Receipts	<u>16,838</u>	<u>162,603</u>	<u>179,441</u>
Cash Disbursements:			
Salaries and Benefits	9,840		9,840
Advertising and Printing	173		173
Travel and Meeting Expenses	719		719
Parent Involvement	280		280
Project Fund Expenditures	1,761	151,746	153,507
Total Cash Disbursements	<u>12,773</u>	<u>151,746</u>	<u>164,519</u>
Excess of Receipts Over (Under) Disbursements	<u>4,065</u>	<u>10,857</u>	<u>14,922</u>
Fund Cash Balances, January 1	<u>43,854</u>	<u>28,175</u>	<u>72,029</u>
Fund Cash Balances, December 31:			
Restricted		39,032	39,032
Assigned	796		796
Unassigned (Deficit)	47,123		47,123
Fund Cash Balances, December 31	<u>\$47,919</u>	<u>\$39,032</u>	<u>\$86,951</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Grants	\$17,069	\$183,327	\$200,396
Donations	500		500
Total Cash Receipts	<u>17,569</u>	<u>183,327</u>	<u>200,896</u>
Cash Disbursements:			
Salaries and Benefits	9,540		9,540
Supplies	361		361
Travel and Meeting Expenses	516		516
Parent Involvement	380		380
Project Fund Expenditures	2,966	182,525	185,491
Audit Expense	2,609		2,609
Contract - Administrative Fees	1,503		1,503
Community Health Assessment	1,000		1,000
Total Cash Disbursements	<u>18,875</u>	<u>182,525</u>	<u>201,400</u>
Excess of Receipts Over (Under) Disbursements	<u>(1,306)</u>	<u>802</u>	<u>(504)</u>
Other Financing Receipts (Disbursements):			
Refund of Prior Year Expenditure	750		750
Total Other Financing Receipts (Disbursements)	<u>750</u>		<u>750</u>
Net Change in Fund Cash Balances	(556)	802	246
Fund Cash Balances, January 1 (Restated Note 2)	<u>44,410</u>	<u>27,373</u>	<u>71,783</u>
Fund Cash Balances, December 31:			
Restricted		28,175	28,175
Assigned	1,550		1,550
Unassigned (Deficit)	42,304		42,304
Fund Cash Balances, December 31	<u>\$43,854</u>	<u>\$28,175</u>	<u>\$72,029</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 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. 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 or their designee;
- 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 chair 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 "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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. Deposits and Investments

As required by the Ohio Revised Code, the Van Wert City Schools Treasurer is custodian for the Council's deposits. The Van Wert City Schools' deposit and investment accounts hold the Council's assets, valued at the district's reported carrying amount. The deposit and investment of the Council's assets are subject to the Van Wert City Schools' Investment Policy.

D. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. This system of accounting segregates cash and investments that are restricted as to use. The Council classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(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, regulation, or contract to be restricted and accounted for in another fund.

2. Special Revenue Funds

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

Help Me Grow (GRF, Part C, and ARRA Funds) - This fund receives State and Federal grant money to implement and maintain a coordinated, community-based infrastructure that promotes trans-disciplinary, family-centered services for expectant parents, newborns, infants, toddlers, and their families in collaboration and cooperation with other state and local agencies.

Family-Centered Services & Support (FCSS) Funds – This fund receives State and Federal grant money (25% state and 75% federal) to maintain children and youth in their own homes through the provision of non-clinical, community-based services.

Ohio Children’s Trust Fund (OCTF) Funds – This fund receives State grant money to support efforts designed to prevent child abuse and neglect through investing in strong communities, healthy families, and safe children.

E. Fiscal Agent/Administrative Agent

The Van Wert City Schools serves as fiscal agent for the Council. Council funds are maintained in separate agency funds by the Treasurer of the school district.

F. Budgetary Process

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October, 1997, the entity is required to file a budget with the Administrative Agent. The Council budgets each fund annually.

1. Appropriations

An annual budget is prepared and presented to the Advisory Committee and the Full Council for review and approval. The approved Council Budget is incorporated into the appropriation measures and subsequent amendments approved by the Van Wert City Schools as administrative/fiscal agent. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Council to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be appropriated.

A summary of the years June 30, 2012 and June 30, 2011 budgetary activity appears in Note 4.

G. Fund Balance

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. Non-spendable

The Council classifies assets as *non-spendable* 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

Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amend 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 Council 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.

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

H. 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.

2. PRIOR PERIOD RESTATEMENT

In July, 2010 the Council restated the beginning cash balances to separate and identify funds that should have been classified as Special Revenue funds. As a result the June 30, 2010 General Fund balances changed from \$44,699 to \$44,410 and the Special Revenue Fund balances changed from \$27,084 to \$27,373. The total balance of \$71,783 remains unchanged.

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Council implemented Governmental Accounting Standard Board (GASB) Statement No 54. Implementing GASB No. 54 did not have an effect on fund balances.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2012 and June 30, 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 16,838	\$ 16,838	
Special Revenue	176,356	162,603	(\$13,753)
Total	\$193,194	\$179,441	(\$13,753)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 31,337	\$ 13,053	\$18,284
Special Revenue	204,530	200,129	4,401
Total	\$235,867	\$213,182	\$22,685

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 17,569	\$ 18,319	750
Special Revenue	178,231	183,327	\$5,096
Total	\$195,800	\$201,646	\$5,846

**FAMILY AND CHILDREN FIRST COUNCIL
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,581	\$ 19,115	\$17,466
Special Revenue	186,594	214,484	(27,890)
Total	<u>\$223,175</u>	<u>\$233,599</u>	<u>(\$10,424)</u>

5. RISK MANAGEMENT

Commercial Insurance

The Council has obtained commercial insurance through Van Wert City Schools for the following risks:

- Comprehensive property and general liability



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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
Van Wert County
205 West Crawford
Van Wert, Ohio 45891

To the Council Members:

We have audited the financial statements of the Family and Children First Council, Van Wert County (the Council) as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated October 26, 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. Also as described in Note 3 during the year ended December 31, 2011, the Council adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 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 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated October 26, 2012.

We intend this report solely for the information and use of the Advisory Committee, management, and 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, flowing style.

Dave Yost
Auditor of State

October 26, 2012



Dave Yost • Auditor of State

VAN WERT FAMILY AND CHILDREN FIRST COUNCIL

VAN WERT 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 20, 2012