



Mary Taylor, CPA
Auditor of State

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

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Mary Taylor, CPA

Auditor of State

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

To the 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 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 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 3, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Council:

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 December 31, 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 Fayette County Family and Children First Council, Fayette County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 3, 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.

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

Mary Taylor, CPA
Auditor of State

December 3, 2007

**FAYETTE COUNTY 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, 2006**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$ 40,000	\$ 108,864	\$ 148,864
Total Cash Receipts	40,000	108,864	148,864
Cash Disbursements:			
Current:			
Contract Services	0	91,246	91,246
Supplies	0	15,827	15,827
Miscellaneous	13,743	4,683	18,426
Total Cash Disbursements	13,743	111,756	125,499
Total Receipts Over/(Under) Disbursements	26,257	(2,892)	23,365
Fund Cash Balances, January 1	6,347	23,359	29,706
Fund Cash Balances, December 31	<u>\$ 32,604</u>	<u>\$ 20,467</u>	<u>\$ 53,071</u>

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

**FAYETTE COUNTY 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, 2005**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$ -	\$ 79,781	\$ 79,781
Total Cash Receipts	0	79,781	79,781
Cash Disbursements:			
Current:			
Contract Services	7,734	82,082	89,816
Supplies	0	2,793	2,793
Service Account	0	60	60
Miscellaneous	4,642	132	4,774
Total Cash Disbursements	12,376	85,067	97,443
Total Receipts Over/(Under) Disbursements	(12,376)	(5,286)	(17,662)
Other Financing Receipts/(Disbursements):			
Transfers-In	0	1,492	1,492
Transfers-Out	0	(1,492)	(1,492)
Reimbursements	0	(847)	(847)
Total Other Financing Receipts/(Disbursements)	0	(847)	(847)
Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(12,376)	(6,133)	(18,509)
Fund Cash Balances, January 1 (Restated)	18,723	29,492	48,215
Fund Cash Balances, December 31	\$ 6,347	\$ 23,359	\$ 29,706

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

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE 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, 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.

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

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

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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 2006 and 2005 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 2006 and 2005 the following programs were awarded to the Council: Cluster, 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, 2006 and 2005 were \$53,071 and \$29,706 respectively.

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

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

3. RISK MANAGEMENT

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

4. Prior Period Adjustment

It was determined using Audit Advisory Memo 2001-04 that TANF money should not be recorded on the financial statements. The adjustment is reflected in the restated beginning 2005 fund balances. The ending balances for the 2004 General Fund and Special Revenue Funds were \$18,723 and \$40,502 respectively. The restated beginning 2005 balances for the General Fund and Special Revenue Funds are \$18,723 and \$29,492.



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*

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

To the Council:

We have audited the financial statements of the Fayette County Family and Children First Council, Fayette County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 3, 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 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 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 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 and 2006-002

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, of the significant deficiencies described above, we believe finding number 2006-001 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 3, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Government'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 intend this report solely for the information and use of the audit committee, management, and council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 3, 2007

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE 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

Material Weakness

The Council has named the Fayette County Auditor as its fiscal agent. The Council's General (unrestricted) and Special Revenue (restricted) funds were commingled in one fund on the county's accounting system during 2005. The funds were separated in 2006. 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. The Council also did not report all funds on the financial statements. This resulted in a cumbersome reconciliation and reconstruction of the Council's financial activity as reported on the annual report. However, we were able to perform additional procedures to verify fund balances (2005) and the classification of receipts and expenditures at the fund level. 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.

FINDING NUMBER 2006-002

Significant Deficiency

The Council did not always maintain invoices to support their approved expenditures. The Council approved and expended \$3,500 to a caseworker to purchase various items for children that were served by the Council. However, the council did not require invoices detailing and documenting the vendors, amounts and items purchased. There was attached a list of the children's names and the items and services that were to be provided with the expenditure. We also noted an expense to Wal-Mart for \$660 for clothing for children that were served by the Council. However, there was not an invoice detailing what was purchased or the costs of the items purchased. Without requiring the original detailed invoices, it is not possible to assure that expenditures are proper as approved and it increases the possibility of misappropriation of funds. Receiving, reviewing and maintaining detailed invoices will assist in assuring that money was spent appropriately and will provide supporting documentation to support grant expenditures and allow for proper coding of financial statements.

Officials' Response

We did not receive a response from Officials to the findings reported above.

**FAYETTE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
FAYETTE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Establish separate funds and line items using county's accounting system	No	Partially Corrected- Separate funds were created, but line item classifications were not used. Reissued as finding 2006-001



Mary Taylor, CPA
Auditor of State

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
DECEMBER 24, 2007**