



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

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# Mary Taylor, CPA

Auditor of State

Family and Children First Council  
Seneca County  
201 South Washington Street  
Tiffin, Ohio 44883-2890

To the Members of Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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

September 12, 2008

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Seneca County  
201 South Washington Street  
Tiffin, Ohio 44883-2890

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Seneca County, (the Council) as of and for the years ended June 30, 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 June 30, 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 June 30, 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 and reserves for encumbrances of Family and Children First Council, Seneca County, as of June 30, 2008 and 2007, 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 September 12, 2008, 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

September 12, 2008



**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$34,000		\$34,000
Administrative Fees	18,202		18,202
Intergovernmental Revenues	48,231	\$466,551	514,782
Miscellaneous Revenues	6,050		6,050
	<u>106,483</u>	<u>466,551</u>	<u>573,034</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	65,708	196,585	262,293
Purchased Services	14,819	265,803	280,622
Supplies and Materials	1,203	1,241	2,444
	<u>81,730</u>	<u>463,629</u>	<u>545,359</u>
Total Receipts Over Disbursements	<u>24,753</u>	<u>2,922</u>	<u>27,675</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Advances-In	11,036	2,049	13,085
Advances-Out	(2,049)	(11,036)	(13,085)
	<u>8,987</u>	<u>(8,987)</u>	
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	33,740	(6,065)	27,675
Fund Cash Balances, July 1	<u>54,464</u>	<u>124,411</u>	<u>178,875</u>
<b>Fund Cash Balances, June 30</b>	<u><b>\$88,204</b></u>	<u><b>\$118,346</b></u>	<u><b>\$206,550</b></u>
Reserve for Encumbrances, June 30	<u>\$3,930</u>	<u>\$100</u>	<u>\$4,030</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$33,500		\$33,500
Administrative Fees	21,574		21,574
Intergovernmental Revenues	20,000	\$416,235	436,235
Miscellaneous Revenues	400		400
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	75,474	416,235	491,709
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	59,516	189,564	249,080
Purchased Services	14,314	218,568	232,882
Supplies and Materials	350	2,397	2,747
Equipment		7,318	7,318
Other	8,719	284	9,003
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	82,899	418,131	501,030
	<hr/>	<hr/>	<hr/>
Total Disbursements Over Receipts	(7,425)	(1,896)	(9,321)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts / (Disbursements):</b>			
Advances-In	10,000	8,987	18,987
Advances-Out	(8,987)	(10,000)	(18,987)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	1,013	(1,013)	
	<hr/>	<hr/>	<hr/>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(6,412)	(2,909)	(9,321)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	60,876	127,320	188,196
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b>\$54,464</b>	<b>\$124,411</b>	<b>\$178,875</b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, June 30	\$450	\$84	\$534
	<hr/>	<hr/>	<hr/>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Revised Code § 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. 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 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 remaining 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 directors of both boards;
- c. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- d. The director of the county department of jobs 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 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 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 of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 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 a local nonprofit entity that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 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.

The purpose of the county council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a county council shall provide for the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, or 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 Education Act of 2004";
- d. Maintain an accountability system to monitor the 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 maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts.

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

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

**General Fund** - The general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of an Administrative Grant from the State and Local Agency contributions. These are local monies contributed by Seneca County agencies, including Mental Health and Recovery Services Board, Juvenile Court, School of Opportunity, City of Tiffin, City of Fostoria, Department of Job and Family Services, Seneca County Commissioners, Tiffin City School District, North Central Ohio Educational Service Center, Early Intervention, Board of Health, and Head Start.

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

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

**D. Fiscal Agent and Administrative Agent**

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

**E. Budgetary Process**

The Ohio Revised Code and Auditor of State Bulletin 1998-007 requires the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

The North Central Ohio Educational Service Center serving as fiscal officer for the Council reserves (encumbers) appropriations when commitments are made.

A summary of FY2008 and FY2007 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**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.

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

**2. EQUITY IN POOLED CASH**

The North Central Ohio Educational Service Center (the ESC) maintains a cash pool used by all of the ESC's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the ESC at June 30, 2008, was \$206,550 and at June 30, 2007, was \$178,875. The ESC, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the ESC's pooled and deposit accounts.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended June 30, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,536	\$117,519	(\$7,983)
Special Revenue	505,079	468,600	36,479
Total	\$614,615	\$586,119	\$28,496

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,842	\$87,709	\$11,133
Special Revenue	614,007	474,765	139,242
Total	\$712,849	\$562,474	\$150,375

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,474	\$85,474	
Special Revenue	483,893	425,222	58,671
Total	\$569,367	\$510,696	\$58,671

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$142,836	\$92,336	\$50,500
Special Revenue	611,212	428,215	182,997
Total	\$754,048	\$520,551	\$233,497

**FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2008 AND 2007  
(Continued)**

**4. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of SERS contributed 10 percent of their gross salaries and the Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2008.

**5. RISK MANAGEMENT**

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

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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  
Seneca County  
201 South Washington Street  
Tiffin, Ohio 44883 -2890

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Seneca County, (the Council) as of and for the years ended June 30, 2008 and 2007, and have issued our report thereon dated September 12, 2008, 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 intend this report solely for the information and use of the finance committee, management and the Board of Trustees. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

September 12, 2008



**Mary Taylor, CPA**  
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**SENECA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 9, 2008**