

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Richland County Family and Children First Council
Richland County
445 Bowman Street
P.O. Box 1986
Mansfield, Ohio 44901

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio, (the Council) as of and for the year ended December 31, 2007, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio, as of December 31, 2007, and the respective changes in cash financial position for the General and Help Me Grow Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

April 15, 2008

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

The management's discussion and analysis of the Richland County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2007, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- The total net cash assets of the governmental activities increased \$372, which represents a .06% increase over fiscal year 2006.
- General cash receipts accounted for \$30,923 or 4.60% of total governmental activities cash receipts. Program specific cash receipts accounted for \$640,646 or 95.40% of total governmental activities cash receipts.
- The Council had \$671,197 in cash disbursements related to governmental activities; \$640,646 of these cash disbursements were offset by program specific grants or contributions.
- The Council's major funds are the general fund and the Help Me Grow Fund. The general fund had cash receipts of \$398,552 in 2007. The cash disbursements of the general fund totaled \$410,397 in 2007. The general fund's cash balance decreased \$11,845 from 2006 to 2007.
- The Help Me Grow Fund had cash receipts of \$273,017 in 2006 and cash disbursements of \$252,902. The Help Me Grow Fund's cash balance increased \$20,115.

Using the Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's cash basis of accounting.

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, the general fund and the Help Me Grow Fund are the only two major governmental funds.

Reporting the Council as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets - Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2007?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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These two statements report the Council's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis, the Governmental Activities include the Council's programs and services including subsidy services and other community services.

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 9-10 of this report.

Reporting the Council's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's only major governmental funds are the general fund and the Help Me Grow Fund. The analysis of the Council's major governmental funds begins on page 7.

Governmental Funds

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 11-12 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-17 of this report.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash assets for 2007 and 2006.

	Net Cash Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 637,308	\$ 636,936
<u>Net Assets</u>		
Restricted	11,012	7,898
Unrestricted	<u>626,296</u>	<u>629,038</u>
Total net assets	<u>\$ 637,308</u>	<u>\$ 636,936</u>

The total net cash assets of the Council's governmental activities increased \$372 from fiscal year 2006. The balance of government-wide unrestricted net cash assets of \$626,296 may be used to meet the Council's ongoing obligations to citizens and creditors.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

The table below shows the changes in net cash assets for fiscal year 2007 and 2006.

	Change in Net Cash Assets	
	Governmental Activities	Governmental Activities
	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 640,646	\$ 818,779
General cash receipts:		
Investment receipts	<u>30,923</u>	<u>33,307</u>
Total cash receipts	<u>671,569</u>	<u>852,086</u>
Cash Disbursements:		
Subsidy services	646,273	816,558
Other community services	<u>24,924</u>	<u>4,657</u>
Total cash disbursements	<u>671,197</u>	<u>821,215</u>
Change in net cash assets	372	30,871
Net cash assets at beginning of year	<u>636,936</u>	<u>606,065</u>
Net cash assets at end of year	<u>\$ 637,308</u>	<u>\$ 636,936</u>

Governmental Activities

Governmental cash assets increased by \$372 in 2007 from 2006. Total governmental cash disbursements of \$671,197 were offset by program cash receipts of \$640,646 and general cash receipts of \$30,923.

The primary sources of cash receipts for governmental activities are derived from restricted grants and entitlements. These sources represent 95.40% of total governmental cash receipts.

The largest cash disbursement of the Council is for subsidy services. These cash disbursements totaled \$646,273 or 96.29% of total governmental cash disbursements for fiscal year 2007.

The Statement of Activities shows the cost of program services and the grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by interest receipts.

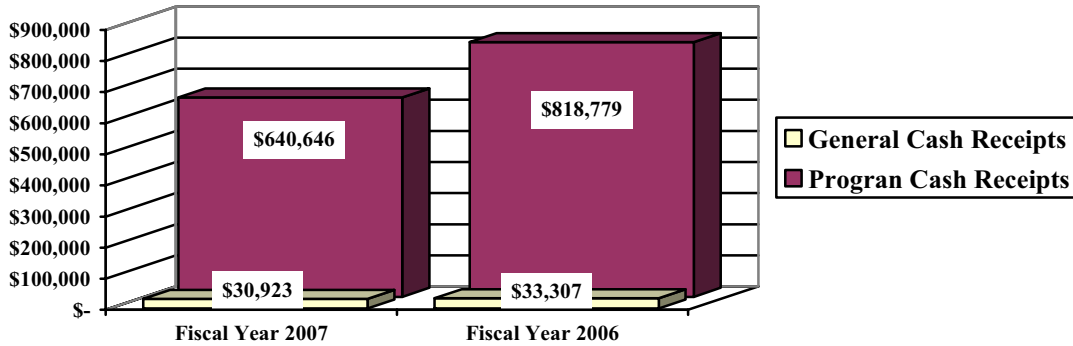
**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

Governmental Activities

	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
Cash disbursements:				
Subsidy services	\$ 646,273	\$ 28,029	\$ 816,558	\$ 2,436
Other community services	<u>24,924</u>	<u>2,522</u>	<u>4,657</u>	<u>-</u>
Total	<u>\$ 671,197</u>	<u>\$ 30,551</u>	<u>\$ 821,215</u>	<u>\$ 2,436</u>

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

The Council's governmental funds reported a combined fund cash balance of \$637,308, which is \$372 above last year's total of \$636,936. The schedule on the next page indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and 2006, for all major and nonmajor governmental funds.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(UNAUDITED)

	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 626,296	\$ 638,141	\$ (11,845)
Help Me Grow	11,012	(9,103)	20,115
Other Nonmajor Governmental Funds	<u>-</u>	<u>7,898</u>	<u>(7,898)</u>
Total	<u>\$ 637,308</u>	<u>\$ 636,936</u>	<u>\$ 372</u>

General Fund

The general fund had cash receipts of \$398,552 in 2007. The cash disbursements of the general fund totaled \$410,397 in 2007. The general fund's cash balance decreased \$11,845 from 2006 to 2007.

Help Me Grow Fund

The Help Me Grow Fund had cash receipts of \$273,017 in 2007. The Help Me Grow Fund had cash disbursements of \$252,902 in 2007. The Help Me Grow Fund cash balance increased \$20,115 from 2006 to 2007.

Capital Assets and Debt Administration

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Council had no capital outlay disbursements during fiscal year 2007.

Debt Administration

The Council had no long-term debt obligations outstanding at December 31, 2007 and 2006.

Current Financial Related Activities

The Council is reviewed by its members and the community to determine how they can realize efficiency and service gap filling. Agencies are challenged to improve the way services are delivered by striving towards a seamless service delivery system. The Council is constantly assessing needs of its members and acting to facilitate the provision of services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact James Lehmann, Treasurer, Mansfield City School District, 124 North Linden Road, Mansfield, Ohio 44906.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 637,308
Net cash assets:	
Restricted for:	
State and federally funded programs	\$ 11,012
Unrestricted	626,296
Total net cash assets	\$ 637,308

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Cash Disbursements	Program Cash Receipts	Net (Cash Disbursements) Cash Receipts and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities
Governmental activities:			
Subsidy services.	\$ 646,273	\$ 618,244	\$ (28,029)
Other community services. . .	24,924	22,402	(2,522)
Totals	\$ 671,197	\$ 640,646	(30,551)
General Receipts:			
Investment receipts			30,923
Change in net cash assets.			372
Net cash assets at beginning of year.			636,936
Net cash assets at end of year			\$ 637,308

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Help Me Grow	Total Governmental Funds
Cash assets:			
Equity in pooled cash and cash equivalents	\$ 626,296	\$ 11,012	\$ 637,308
Fund cash balances:			
Unreserved, undesignated, reported in:			
General fund.	\$ 626,296	\$ -	\$ 626,296
Special revenue funds	-	11,012	11,012
Total fund cash balances	\$ 626,296	\$ 11,012	\$ 637,308

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Federal receipts.	\$ -	\$ 157,812	\$ -	\$ 157,812
State receipts.	25,681	115,205	-	140,886
Local agency receipts.	341,948	-	-	341,948
Earnings on investments.	30,923	-	-	30,923
Total cash receipts	<u>398,552</u>	<u>273,017</u>	<u>-</u>	<u>671,569</u>
Cash disbursements:				
Subsidy services.	385,920	252,455	7,898	646,273
Other community services.	24,477	447	-	24,924
Total cash disbursements	<u>410,397</u>	<u>252,902</u>	<u>7,898</u>	<u>671,197</u>
Net change in fund cash balances.	(11,845)	20,115	(7,898)	372
Fund cash balances at beginning of year.	<u>638,141</u>	<u>(9,103)</u>	<u>7,898</u>	<u>636,936</u>
Fund cash balances at end of year	<u>\$ 626,296</u>	<u>\$ 11,012</u>	<u>\$ -</u>	<u>\$ 637,308</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE 1 - DESCRIPTION OF THE COUNCIL

Ohio Revised 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 job and family services;
- d. The executive director of the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- 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 Ohio Revised Code Section 3301.31;
- 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 interest 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; and

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 1 - DESCRIPTION OF THE COUNCIL - (Continued)

- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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 family and children first 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements for the Richland Family and Children First Council (the "Council") are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Council's accounting policies:

A. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health, and educational services to families and children. The Council, the Executive Committee, and the Executive Director have direct responsibility for these activities.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in this paragraph.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

C. Fund Accounting

The Council uses funds to maintain its financial records during the year. Fund accounting is a concept development to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Council reports only governmental funds.

Governmental Funds - The Council classifies funds financed primarily from intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Council's major governmental funds:

General - The general fund is the operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Help Me Grow - This fund receives federal, state and local funds to implement and maintain a coordinated, community-based infrastructure that promotes trans-disciplinary, family-centered services for expectant parents, newborns, infants and toddlers and their families.

Other governmental funds of the Council are used to account for grants and other resources whose use is restricted to a particular purpose.

D. Basis of Presentation and Measurement Focus

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Council as a whole. The government-wide statement of activities - cash basis compares disbursements with program receipts for each function or program of the Council's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the Council.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

E. Budgetary Process

Ohio Revised Code Section 121.37(B)(4) requires the Council to file an annual budget with its administrative agent. An annual budget that followed the calendar fiscal year was not approved and filed for fiscal year 2007. However, a budget was prepared and filed based on the administrative agency's fiscal year.

F. Administrative/Fiscal Agent

Section 121.37 (B)(4) of the Ohio Revised Code, requires each county council to designate an administrative agent for the council. The Mansfield City School District (the "School District") serves as the Richland County Family and Children First Council's administrative agent. The School District maintains the Council as an agency fund on their financial records. The administrative agent agrees to:

1. Serve as the Council's appointing authority;
2. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and
3. Perform the following on behalf of Council; but only upon the expressed approval of and direction by Council;
 - Enter into written agreements or administer contracts with public or private entities to fulfill specific Council business.
 - Provide financial stipends, reimbursements or both to family representatives for expenses related to Council activity.
 - Receive by gift, grant, devise or bequest any moneys, land or other property for the purposes for which the Council is established.

G. Capital Assets

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

H. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The Council had no net assets restricted by enabling legislation.

The Council applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Contracted Services

The Council director and assistant of the Council are paid employees of Mansfield City School District, although the Council reimburses the cost of their payroll to the School District. The funds used to pay their salaries are derived from a state administrative grant and local agency membership contributions received by the Council and maintained in the School District's agency fund.

NOTE 3 - EQUITY IN POOLED CASH

The Mansfield City School District maintains a depository which includes the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the fiscal agent at December 31, 2007, was \$637,308. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the School District's investment accounts.

NOTE 4 - CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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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*

Richland County Family and Children First Council
Richland County
445 Bowman Street
P.O. Box 1986
Mansfield, Ohio 44901

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio, (the Council) as of and for the year ended December 31, 2007, which collectively comprise the Council's basic financial statements and have issued our report thereon dated April 15, 2008 wherein we noted the Council follows the cash basis of accounting. 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 opinions 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.

We noted a certain matter that we reported to the Council's management in a separate letter dated April 15, 2008.

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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 a certain noncompliance on other matter that we reported to the Council's management in a separate letter dated April 15, 2008.

We intend this report solely for the information and use of management and the Council. 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

April 15, 2008



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

RICHLAND 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
MAY 15, 2008**