



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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Mary Taylor, CPA
Auditor of State

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 10, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Athens County, Ohio (the Council), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Family and Children First Council, Athens County, Ohio, as of December 31, 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 August 10, 2009, 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

August 10, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Intergovernmental | \$ 25,681 | \$ 361,805 | \$ 387,486 |
| Local Agency Contributions | 261,386 | | 261,386 |
| Miscellaneous | 33,653 | | 33,653 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 320,720 | 361,805 | 682,525 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Personal Services | 64,403 | 10,879 | 75,282 |
| Contracted Services | 141,833 | 351,025 | 492,858 |
| Supplies and Materials | 1,539 | | 1,539 |
| Miscellaneous | 12,907 | | 12,907 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 220,682 | 361,904 | 582,586 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts Over/(Under) Cash Disbursements | 100,038 | (99) | 99,939 |
| Fund Cash Balances, January 1 | 29,994 | 76,433 | 106,427 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$ 130,032</u> | <u>\$ 76,334</u> | <u>\$ 206,366</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> |

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Intergovernmental | \$ 38,868 | \$ 522,135 | \$ 561,003 |
| Local Agency Contributions | 171,262 | | 171,262 |
| Miscellaneous | 7,508 | 1,575 | 9,083 |
| Total Cash Receipts | <u>217,638</u> | <u>523,710</u> | <u>741,348</u> |
| Cash Disbursements: | | | |
| Personal Services | 64,936 | 7,024 | 71,960 |
| Contract Services | 165,305 | 550,749 | 716,054 |
| Supplies and Materials | 1,174 | 2,303 | 3,477 |
| Miscellaneous | 17,002 | 10,589 | 27,591 |
| Total Cash Disbursements | <u>248,417</u> | <u>570,665</u> | <u>819,082</u> |
| Total Cash Receipts Over/(Under) Cash Disbursements | (30,779) | (46,955) | (77,734) |
| Fund Cash Balances, January 1 | 60,773 | 123,388 | 184,161 |
| Fund Cash Balances, December 31 | <u>\$ 29,994</u> | <u>\$ 76,433</u> | <u>\$ 106,427</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 13,765</u> | <u>\$ 7,856</u> | <u>\$ 21,621</u> |

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

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

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. 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 the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the County. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job 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 board of county commissioners 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;

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

- 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"; and
- n. 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.

County council's responsibilities include the following:

- a. Refer to the Cabinet Council those children for whom the county council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- d. 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";
- 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.

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. 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.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be 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 Fund:

Help Me Grow Program – This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

D. Administrative and Fiscal Agent

The Athens County Children Services Board served as administrative agent and Athens County served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the County.

E. Budgetary Process

The Ohio Revised Code requires that the Council prepare an annual budget and file it with its administrative agent. This annual budget includes estimated receipts and disbursements.

Athens County, serving as fiscal agent for the Council, reserves (encumbers) appropriations when commitments are made.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. 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.

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
ATHENS COUNTY**

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

2. Equity in Pooled Deposits and Investments

Athens County maintains a cash pool used by all of the County Funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer at December 31, 2007 was \$106,427 and at December 31, 2008 was \$206,366. The County, as custodian for the Council, is responsible for maintaining adequate depository collateral for all funds in the County pooled deposit accounts.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 265,681 | \$ 320,720 | \$ 55,039 |
| Special Revenue | 514,136 | 361,805 | (152,331) |
| Total | \$ 779,817 | \$ 682,525 | \$ (97,292) |

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 288,539 | \$ 220,682 | \$ 67,857 |
| Special Revenue | 579,424 | 361,904 | 217,520 |
| Total | \$ 867,963 | \$ 582,586 | \$ 285,377 |

| 2007 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 257,900 | \$ 217,638 | \$ (40,262) |
| Special Revenue | 594,586 | 523,710 | (70,876) |
| Total | \$ 852,486 | \$ 741,348 | \$ (111,138) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 271,951 | \$ 262,182 | \$ 9,769 |
| Special Revenue | 602,372 | 578,521 | 23,851 |
| Total | \$ 874,323 | \$ 840,703 | \$ 33,620 |

4. Retirement System

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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

4. Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Council contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2008.

5. Risk Management

The Council is insured for general liability and casualty through Athens County.

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
Athens County
P.O. Box 1046
Athens, Ohio 45701

To the Council:

We have audited the financial statements of the Family and Children First Council, Athens County, Ohio (the Council), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 10, 2009, 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 findings 2008-002 and 2008-003 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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. Of the significant deficiencies described above, we believe findings number 2008-002 and 2008-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Council's management in a separate letter dated August 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-001.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated August 10, 2009.

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

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



Mary Taylor, CPA
Auditor of State

August 10, 2009

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The AOS may waive these penalties, upon the filing of the past due financial report. Public offices must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Council filed its 2008 and 2007 annual reports on May 20, 2009 and September 26, 2008, respectively. In addition, the Council did not publish notices of availability for 2008 or 2007.

We recommend the Council file annual reports with the Auditor of State within 60 days of fiscal year end and publish the required notice in a local newspaper.

Officials' Response:

The Family and Children First Council will file an annual report with the Auditor of State within 60 days of fiscal year end. Athens County Children Services, administrative agent for the FCFC, hired a new fiscal officer on October 27, 2008. The new fiscal officer was not trained regarding this fiscal requirement. Immediately upon receiving the letter from the Auditor of State's office, the Deputy Director of Finance prepared the required report. Filing this report has been added to the agency's year end closing procedures along with the notification in the local newspaper.

FINDING NUMBER 2008-002

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-002 (Continued)

Material Weakness (Continued)

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Council did not agree to the Council's accounting system for the following funds. The variances and funds are as follows:

| Fund | Budgeted Receipts | | Variance |
|-----------------------|--|---------------------------------|----------|
| | Per the Budget Approved by Council | Per the Accounting System | |
| Blueprint | \$ 43,136 | \$ 46,553 | \$ 3,417 |
| Appropriations | | | |
| Fund | Per the Budget Approved by Council | Per the Accounting System | Variance |
| General | \$ 274,774 | \$ 274,815 | \$ 41 |
| Children's Trust | 15,000 | 10,346 | (4,654) |

At December 31, 2007, budgeted receipts and expenditures, as adopted by the Council did not agree to the Council's accounting system for all funds. The variances and funds are as follows:

| Fund | Budgeted Receipts | | Variance |
|-----------------------|--|---------------------------------|----------|
| | Per the Budget Approved by Council | Per the Accounting System | |
| Help Me Grow | \$ 460,000 | \$ 460,300 | \$ 300 |
| ABC/FAST | 39,786 | 0 | (39,786) |
| Blueprint | 79,800 | 87,665 | 7,865 |
| Appropriations | | | |
| Fund | Per the Budget Approved By Council | Per the Accounting System | Variance |
| General | \$ 256,325 | \$ 257,340 | \$ 1,015 |
| Help Me Grow | 460,000 | 460,300 | 300 |

The Council lost some degree of budgetary control because they were unable to monitor actual results of operations against the amounts adopted at the beginning of the years. In addition, this resulted in adjustments made to Note 3 of the notes to the financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2008-002 (Continued)

Material Weakness (Continued)

We recommend the Council ensure the budgeted amounts posted to the system correspond to the budgeted amounts approved by Council as documented in the record of minutes.

Officials' Response:

In order to ensure that the budgeted amounts posted to the system correspond to the budgeted amounts approved by the Council in the record of minutes, the Deputy Director of Finance will submit for board approval any necessary budget amendments. The mentioned submission will occur, if required, quarterly. Said amendments will be clearly recorded in the Council board minutes. The Deputy Director of Finance will assure that all FCFC documentation reflects the most recently approved budgets.

FINDING NUMBER 2008-003

Material Weakness

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that all accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Council's unaudited financial statements required numerous adjustments. Specifically, we noted the following problems:

- Beginning and ending fund balances did not reconcile to the accounting records of the Council's fiscal agent.
- In 2007 and part of 2008, the activity of the ABC Fast Special Revenue Fund was accounted for in the General Fund (fund 228) within the accounting system of the Council's fiscal agent.
- In 2008, receipts and expenditures were inflated on the Council's financial statements because the Council recorded the fiscal agent's \$40,000 transfer of ABC Fast funds from the General Fund to the ABC Fast Special Revenue Fund.
- In 2007, the Council's fiscal agent posted \$22,538 of ABC Fast receipts into Fund 229, which is not a fund of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
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FINDING NUMBER 2008-003 (Continued)

Material Weakness (Continued)

Because of the Council not reconciling monthly with the fiscal agent, the adjustments listed above were required to reconcile the cash balances of the Council to the fiscal agent. The accompanying financial statements were adjusted to reflect the items noted above.

We recommend the Council make a concentrated effort to maintain their financial records in a manner which would allow for the preparation of accurate annual financial statements. The General Fund should be used to record all financial resources except those required to be reported in another fund, and a separate Special Revenue Fund should be set up for each specific revenue source (other than for trusts for individuals, private organizations, or other governments or for major capital projects) that is legally restricted to expenditure for specified purposes. The accounting records should also include documentation of fund cash balances for each individual fund. In addition, the Council should reconcile all balances to the accounting records of its fiscal agent to ensure transactions are properly recorded.

Officials' Response:

In order to ensure that the FCFC is able to concisely and accurately prepare financial reports for a specified time period each fund will be track in an excel designed workbook. In the past the agency has used excel for this purpose; however, the files were isolated each month and a single year-to-date column indicated the amount of receipts and expenditures. This was problematic because the worksheet concealed erroneous data and caused wrong balances to be carried forward. The new excel design combines both a monthly view of the receipts and expenditures as well as a worksheet summarizing the same data shown with the months in a consecutive order. The final two columns are YTD and Appropriation Remaining. Once per month the financial reports are approved by the Executive Committee.

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2006-001 | Budgeted amounts posted to the system did not correspond to what was approved by Council. | No | Not Corrected: This item is repeated in the current audit Schedule of Findings as finding number 2008-002. |
| 2006-002 | Appropriations exceeded estimated revenue. | Yes | N/A |
| 2006-003 | Disbursements exceeded appropriations. | No | Partially corrected. Reported in the management letter. |
| 2006-004 | Financial statements were not accurately prepared. | No | Not Corrected: This item is repeated in the current audit Schedule of Findings as finding number 2008-003. |



Mary Taylor, CPA
Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

ATHENS 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
SEPTEMBER 8, 2009**