



**Mary Taylor, CPA**  
Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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# Mary Taylor, CPA

Auditor of State

Family and Children First Council  
Union County  
940 London Avenue, Suite 1700  
Marysville, Ohio 43040

To the Members of 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 Council to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Mary Taylor, CPA**  
Auditor of State

August 11, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Union County  
940 London Avenue, Suite 1700  
Marysville, Ohio 43040

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Union 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 the 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 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 of Family and Children First Council, Union 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 11, 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 11, 2009



**FAMILY AND CHILDREN FIRST COUNCIL  
UNION 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>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal Awards	\$ -	\$ 139,856	\$ 139,856
Intergovernmental	61,783	90,634	152,417
Administration Fees	10,608	-	10,608
Miscellaneous	819	-	819
	<u>73,210</u>	<u>230,490</u>	<u>303,700</u>
<b>Total Cash Receipts</b>			
	<u>73,210</u>	<u>230,490</u>	<u>303,700</u>
<b>Cash Disbursements:</b>			
Health:			
Salaries	48,670	4,284	52,954
Supplies	262	-	262
Contracts - Services	344	194,685	195,029
Travel	467	-	467
Insurance	14,220	-	14,220
Other	8,675	-	8,675
Public Employee's Retirement	7,251	400	7,651
Worker's Compensation	840	-	840
Medicare	674	59	733
	<u>81,403</u>	<u>199,428</u>	<u>280,831</u>
<b>Total Disbursements</b>			
	<u>81,403</u>	<u>199,428</u>	<u>280,831</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(8,193)</u>	<u>31,062</u>	<u>22,869</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	4,536	-	4,536
Transfers-Out	-	(4,536)	(4,536)
Other Financing Receipts	5,000	-	5,000
Other Financing Disbursements	(5,000)	-	(5,000)
	<u>4,536</u>	<u>(4,536)</u>	<u>-</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>4,536</u>	<u>(4,536)</u>	<u>-</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(3,657)</u>	<u>26,526</u>	<u>22,869</u>
<b>Fund Cash Balances, January 1</b>	<u>15,252</u>	<u>41,139</u>	<u>56,391</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 11,595</u></u>	<u><u>\$ 67,665</u></u>	<u><u>\$ 79,260</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Federal awards	\$ -	\$ 180,552	\$ 180,552
Intergovernmental	42,681	57,149	99,830
Administrative Fees	10,750	-	10,750
Miscellaneous	14,049	-	14,049
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	67,480	237,701	305,181
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Salaries	50,898	-	50,898
Supplies	109	-	109
Contracts - Services	8,867	232,508	241,375
Travel	927	-	927
Insurance	11,543	-	11,543
Other	28,866	-	28,866
Public employee's retirement	7,027	-	7,027
Worker's compensation	745	-	745
Medicare	705	-	705
	<hr/>	<hr/>	<hr/>
Total Disbursements	109,687	232,508	342,195
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(42,207)	5,193	(37,014)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	57,459	35,946	93,405
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 15,252</u></b>	<b><u>\$ 41,139</u></b>	<b><u>\$ 56,391</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Section 121.37, Ohio Rev. Code, created the Ohio Family and Children First Cabinet Council permitting counties to establish county family and children first councils. Statutory membership of the 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 which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of job and family services.
- f. The executive director of county children's services board.
- g. The superintendent for the county board of MRDD.
- h. The superintendent of the city, exempted village, or local school district within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- i. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- j. A representative of the municipal corporation with the largest population in the county.
- k. The president of the board of county commissioners or a designee.
- l. A representative from the regional office of the Ohio Department of Youth Services.
- m. A representative of the county's head start agencies.
- n. A representative of the county's early intervention collaborative.
- o. A representative of the local nonprofit entity that funds, advocates, or provide services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Description of the Entity (Continued)**

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system;
- f. Participate in the development of a county wide, comprehensive, coordinated, multidisciplinary 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".

**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 adequately disclose material matters the Auditor of State's accounting basis requires.

**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 accounts for all financial resources except those required to be accounted for in another fund.

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds 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 Funds:

Help Me Grow Fund - This fund is used to account for receipts and expenditures of the Council's Help Me Grow Grant. .

Ohio Child Trust Fund - This fund is used to account for receipts and expenditures of the Council's Ohio Child Trust Grant.

Partnerships for Success (PFS) – This fund is used to account for receipts and expenditures of the Council's Partnerships for Success Grant.

**D. Administrative and Fiscal Agent**

The Council designated the Union County Auditor as the fiscal agent for all funds received in the name of the Council. The Council designated the Union County Commissioners as the administrative agent.

**E. Equity in Pooled Cash**

The Council's cash and investments are maintained by Union County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2008, and December 31, 2007, the Council's carrying amount of the County's Cash and Investments pool was as follows:

	<u>2008</u>	<u>2007</u>
Total Deposits	<u>\$ 79,260</u>	<u>\$ 56,391</u>

All risks associated with such deposits are the responsibility of Union County.

**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.

**2. BUDGETARY PROCESS**

The Family and Children First Council is required by Ohio Law to submit a budget to its Administrative Agent, the County Board of Commissioners, and the County Auditor.

The Council prepared budgets for calendar years 2008 and 2007 and submitted them to the appropriate authorities. These budgets summarize estimated receipts and disbursements.

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

**2. BUDGETARY PROCESS (Continued)**

Budgetary activity for the years ended December 31, 2008 and December 31, 2007 is as follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,154	\$ 82,746	\$ 3,592
Special Revenue	250,808	230,490	(20,318)
Total	\$ 329,962	\$ 313,236	\$ (16,726)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 93,530	\$ 86,403	\$ 7,127
Special Revenue	216,958	203,964	12,994
Total	\$ 310,488	\$ 290,367	\$ 20,121

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,461	\$ 67,480	\$ 19
Special Revenue	229,919	237,701	7,782
Total	\$ 297,380	\$ 305,181	\$ 7,801

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 118,305	\$ 109,686	\$ 8,619
Special Revenue	377,516	232,508	145,008
Total	\$ 495,821	\$ 342,194	\$ 153,627

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

**3. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. For 2007, members of OPERS contributed 9.5% percent of their wages to OPERS. For 2008, the rate increased to 10.0 percent. The Council contributed an amount equal to 13.85% percent of the Director's gross salary for 2007 and 14.00% for 2008. The Council has paid all contributions required through December 31, 2008.

**4. RISK MANAGEMENT**

The Council is covered under Union County's insurance policy which includes:

- Comprehensive property and general liability;
- Errors and omissions

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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  
Union County  
940 London Avenue, Suite 1700  
Marysville, Ohio 43040

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Union County, Ohio, (the Council) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 11, 2009 wherein we noted the Council followed accounting practices the Auditor of State prescribes or permits 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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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. We believe finding number 2008-001 is also a material weakness.

### **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*.

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, and the members of the Family and Children First Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

August 11, 2009

**FAMILY AND CHILDREN FIRST COUNCIL  
UNION COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Significant Deficiency and Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Agent and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit reclassifications and adjustments were posted to the December 31, 2008 financial statements. The accounting ledgers properly reflected these transactions during 2008, but these transactions were not properly reported on the year end financial statements.

1. Audit reclassifications totaling \$15,269 were needed to properly report Transfers In and Transfers Out to various cash disbursement and cash receipt line items on the financial statements to properly account for transactions between Union County and the Family and Children First Council.
2. An audit adjustment totaling \$4,743 to properly report salary and related fringe benefit expenditures in the Partnerships for Success Fund that was incorrectly posted to the General Fund.
3. An audit adjustment of \$583 to properly report contract services in the Partnerships for Success Fund that was incorrectly posted to the General Fund.

The reclassifications and adjustments identified during the audit should be reviewed by the Fiscal Agent to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Council should develop policies for review of transactions posted as well procedures over reporting of the Council's activity on the financial statements.

**Officials' Response:**

With regard to financial reporting, the Fiscal Agent wishes to clarify that accounting for all receipts and expenditures (or cash) within the Council's funds are accurate. The comment refers to the presentation of the cash activities between the Council funds.





**Mary Taylor, CPA**  
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**UNION 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**