



Mary Taylor, CPA  
Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

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Mary Taylor, CPA  
Auditor of State

Family and Children First Council  
Van Wert County  
114 E. Main Street  
Van Wert, Ohio 45891

To the Council Members:

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

September 2, 2010

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Van Wert County  
114 E. Main Street  
Van Wert, Ohio 45891

To the Council Members:

We have audited the accompanying financial statements of the Family and Children First Council, Van Wert County, (the Council) as of and for the year ended December 31, 2009, and the period ended June 30, 2010. 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 requires presenting entity wide statements and also presenting the Council's larger (i.e. major) funds separately. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Councils to reformat their statements. The Council has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009, and the period ended June 30, 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2010 and December 31, 2009, 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 the Family and Children First Council, Van Wert County, as of June 30, 2010 and December 31, 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 5, the Council changed its reporting period from calendar year basis to a fiscal year ended June 30.

As further described in Note 2, the Council restated their beginning fund balances for Special Revenue Fund Type to include funds that were excluded from the prior year's activity by \$23,498.

The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2010, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 2, 2010



**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE PERIOD ENDED JUNE 30, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$16,188	\$76,627	\$92,815
Donations	125		125
Total Cash Receipts	<u>16,313</u>	<u>76,627</u>	<u>92,940</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	5,835		5,835
Supplies	55		55
Advertising and Printing	89		89
Project Fund Disbursements	21,307	127,684	148,991
Other	1,582		1,582
Total Disbursements	<u>28,868</u>	<u>127,684</u>	<u>156,552</u>
Total Receipts Over/(Under) Disbursements	<u>(12,555)</u>	<u>(51,057)</u>	<u>(63,612)</u>
Fund Cash Balances, January 1	<u>57,254</u>	<u>78,141</u>	<u>135,395</u>
Fund Cash Balances, December 31	<u><u>\$44,699</u></u>	<u><u>\$27,084</u></u>	<u><u>\$71,783</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**COMBINING STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$41,654	\$107,967	\$149,621
Donations	675		675
Total Cash Receipts	<u>42,329</u>	<u>107,967</u>	<u>150,296</u>
<b>Cash Disbursements:</b>			
Salaries and Benefits	8,115		8,115
Supplies	156		156
Equipment	50		50
Contracts - Services	13,574		13,574
Travel and Expenses	36		36
Advertising and Printing	464		464
Project Fund Disbursements	11,976	53,324	65,300
Other	2,086		2,086
Total Disbursements	<u>36,457</u>	<u>53,324</u>	<u>89,781</u>
Total Receipts Over/(Under) Disbursements	<u>5,872</u>	<u>54,643</u>	<u>60,515</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		19	19
Transfers-Out		(19)	(19)
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,872	54,643	60,515
Fund Cash Balances, January 1 - restated	<u>51,382</u>	<u>23,498</u>	<u>74,880</u>
Fund Cash Balances, December 31	<u><u>\$57,254</u></u>	<u><u>\$78,141</u></u>	<u><u>\$135,395</u></u>
Reserve for Encumbrances, December 31	\$3,670	\$41,009	\$44,679

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

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND DECEMBER 31, 2009**

**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. 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 jobs and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service or their designee;
- 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 section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND DECEMBER 31, 2009  
(Continued)**

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

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a county wide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

**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.

**C. Deposits and Investments**

As required by the Ohio Revised Code, the Van Wert County Treasurer is custodian for the Council's deposits. The County's deposit and investment pool holds the Council's assets, valued at the Treasurer's reported carrying amount.

**D. 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:

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND DECEMBER 31, 2009  
(Continued)**

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

**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 Funds:

**Help Me Grow (GRF, Part C, and ARRA Funds)** - This fund receives State and Federal grant money to implement and maintain a coordinated, community-based infrastructure that promotes trans-disciplinary, family-centered services for expectant parents, newborns, infants, toddlers, and their families in collaboration and cooperation with other state and local agencies.

**E. Fiscal Agent/Administrative Agent**

The Van Wert County Auditor serves as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the County.

Van Wert County Commissioners served as administrative agent for the Council from January 1, 2009 to June 30, 2010. The Commissioners appointed the Van Wert County Department of Jobs and Family Services to administer the operations of the Council.

**F. Budgetary Process**

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October, 1997, the entity is required to file a budget with the Administrative Agent. The Council budgets each fund annually.

**1. Appropriations**

The Council annually approves appropriation measures and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

**3. Encumbrances**

The Ohio Revised Code requires the Council to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of the years June 30, 2010 and December 31, 2009 budgetary activity appears in Note 3.

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND DECEMBER 31, 2009  
(Continued)**

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

**G. 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. PRIOR PERIOD RESTATEMENT**

In 2009, the Council restated beginning cash balances to include three Help Me Grow funds that were excluded from the prior year's activity. Also, the Council was granted the Children's Trust Fund beginning in 2009. As a result, beginning cash balance increased \$23,498.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending June 30, 2010 follows:

<b>2010 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$16,313	\$16,313	\$0
Special Revenue	76,627	76,627	
Total	\$92,940	\$92,940	\$0

  

<b>2010 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 67,413	\$ 28,868	\$38,545
Special Revenue	164,657	127,684	36,973
Total	\$232,070	\$156,552	\$75,518

Budgetary activity for the year ending December 31, 2009 follows:

<b>2009 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 40,842	\$ 42,329	\$ 1,487
Special Revenue	84,630	107,986	23,356
Total	\$125,472	\$150,315	\$24,843

  

<b>2009 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 54,348	\$ 40,127	\$14,221
Special Revenue	106,883	94,352	12,531
Total	\$161,231	\$134,479	\$26,752

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2010 AND DECEMBER 31, 2009  
(Continued)**

**4. RISK MANAGEMENT**

**Commercial Insurance**

The Council has obtained commercial insurance through Van Wert County for the following risks:

- Comprehensive property and general liability;

**5. CHANGE IN REPORTING PERIOD**

On April 20, 2010, the Council approved change in administrative agent and fiscal agent effective July 1, 2010 to the Van Wert County Board of Education for the fiscal year 2011 and therefore also changed their reporting period to a fiscal year ended June 30<sup>th</sup> to coincide with the reporting period of its fiscal agent.

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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  
Van Wert County  
114 E. Main Street  
Van Wert, Ohio 45891

To the Council Members:

We have audited the financial statements of the Family and Children First Council, Van Wert County (the Council) as of and for the year ended December 31, 2009, and the period ended June 30, 2010, and have issued our report thereon dated September 2, 2010, wherein we noted the Council prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted that the Council changed its reporting period from the calendar year to a fiscal year ended June 30<sup>th</sup>, and as described in Note 2 restatement their beginning balance for Special Revenue Fund Type. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

September 2, 2010



**Mary Taylor, CPA**  
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**VAN WERT 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  
NOVEMBER 9, 2010**