



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First 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.

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Dave Yost
Auditor of State

July 7, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First Council:

We have audited the accompanying financial statements of the Family and Children First Council, Noble County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 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, Noble County, as of December 31, 2010 and 2009, 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 July 7, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 7, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$17,069	\$164,358	\$181,427
Total Cash Receipts	<u>17,069</u>	<u>164,358</u>	<u>181,427</u>
Cash Disbursements:			
Current:			
Coordinator Contract	17,051	1,751	18,802
Travel Expenses	901		901
Supplies and Materials	25		25
Rental Expense	600		600
Parent Representative	950		950
Advertising	17		17
Contracted Services		150,260	150,260
Other	100	9,284	9,384
Total Cash Disbursements	<u>19,644</u>	<u>161,295</u>	<u>180,939</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,575)	3,063	488
Fund Cash Balances, January 1	<u>7,873</u>	<u>21,493</u>	<u>29,366</u>
Fund Cash Balances, December 31	<u>\$5,298</u>	<u>\$24,556</u>	<u>\$29,854</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**COMBINED 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$16,257	\$135,748	\$152,005
Total Cash Receipts	<u>16,257</u>	<u>135,748</u>	<u>152,005</u>
Cash Disbursements:			
Current:			
Coordinator Contract	14,565	5,701	20,266
Travel Expenses	1,529	777	2,306
Supplies and Materials		15,460	15,460
Audit Fees	4,963		4,963
Rental Expense	1,200	600	1,800
Parent Representative	1,200		1,200
Advertising		17	17
Contracted Services		144,435	144,435
Other	135	2,995	3,130
Reimbursement to State		22	22
Total Cash Disbursements	<u>23,592</u>	<u>170,007</u>	<u>193,599</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,335)	(34,259)	(41,594)
Fund Cash Balances, January 1	<u>15,208</u>	<u>55,752</u>	<u>70,960</u>
Fund Cash Balances, December 31	<u><u>\$7,873</u></u>	<u><u>\$21,493</u></u>	<u><u>\$29,366</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 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 required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include 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 per cent 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 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
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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.

County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of 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;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

1. General

The General Fund is the general operating fund. It is used to account for 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 that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Fund – This fund receives a blended pool of grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

FCSS Fund – This fund receives grant funds to be used in order to provide treatment for needy children and to furnish the families of these children with the necessities to maintain family stability.

Children's Trust Fund – This fund receives grant funds to be used to provide child abuse and neglect awareness education and pay cost of home visits by a Service Coordinator.

Partnership for Success Fund – This fund provides for the operation of a summer prevention program for youth in Noble County.

D. Administrative and Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires each County's Council to designate an administrative agent for the Council. The Noble County Department of Job and Family Services serves as administrative agent for the Council, and the Noble County Auditor is the designated fiscal agent for the Noble County Department of Job and Family Services. Noble County maintains the Council's funds in an Agency Fund on the County's financial records. The administrative agent agrees to:

- a. Serve as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Administrative and Fiscal Agent (Continued)

- c. Perform the following on behalf of Council; but only upon the expressed approval of and direction by Council:
- Enters into 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; and
 - Receive by gift, grant, devise, or bequest any moneys, lands or other property for the purposes for which the Council is established.

2. EQUITY IN POOLED CASH

The Council's cash is maintained by the Noble County Treasurer. The Ohio Revised Code prescribes allowable deposits and the County is responsible for compliance. The carrying amount of cash at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$ 29,854</u>	<u>\$ 29,366</u>

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

3. RISK MANAGEMENT

The Council is insured through the Noble County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

4. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. 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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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
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First Council:

We have audited the financial statements of the Family and Children First Council, Noble County, Ohio (the Council), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 7, 2011, 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 the purpose of expressing our opinions 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying Schedule of Findings to be 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated July 7, 2011.

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

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Dave Yost
Auditor of State

July 7, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Noncompliance Citation/Material Weakness

Pursuant to Auditor of State Bulletin 98-007, the fiscal agent (Noble County Auditor) should establish separate funds within its accounting system to maintain Family and Children First Council (FCFC) activity (i.e. one fund for all unrestricted monies of the FCFC and one fund for each source of restricted monies of the FCFC). While FCFC activity should be presented as an Agency Fund of the fiscal agent for year-end reporting purposes, it may be necessary for the fiscal agent to maintain the activity in another fund (i.e., General Fund or Special Revenue Fund) in order to maintain integrated budget and actual information throughout the year.

The Noble County Department of Job and Family Services (Administrative Agent) for the Family and Children First Council maintained a computerized cashbook of which was organized by account rather than by fund level. This accounting system does not segregate and summarize activity for restricted revenues and the related expenditures. The fiscal agent (Noble County Auditor) maintained one Agency Fund for all FCFC activity. As a result, reports prepared for auditors, grantors and pass through agencies was not always accurate or contained accurate beginning or ending fund balances. The Administrative Agent had to prepare annual reports from a co-mingled Agency Fund and administrative agent cashbook posting.

We recommend that the Noble County Auditor's office (Fiscal Agent), in conjunction with the Department of Job and Family Services (Administrative Agent) establish an accounting system which demonstrates legal compliance and follows a documented chart of accounts appropriate for its particular activities and supported by appropriate subsidiary ledgers/journals. This system should account for restricted revenues and the related disbursements in separate funds and summarize financial data for easy preparation of reports and documentation of the reported amounts. This will ensure the completeness and accuracy of financial amounts that are rolled up to the financial statements. Refer to Auditor of State Bulletin 98-007 for any additional guidance.

Officials' Response:

Council management provided no response.

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Material Weakness recommending the FCFC establish an accounting system which demonstrates legal compliance and follows a documented chart of accounts supported by ledgers.	No	Not Corrected, we re-issued as Finding 2010-001.



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NOBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

NOBLE 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
JULY 26, 2011**