



Dave Yost • Auditor of State

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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Dave Yost • Auditor of State

Lake County Family and Children First Council
Lake County
33 Mill Street
Painesville, Ohio 44077

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 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 29, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lake County Family and Children First Council
Lake County
33 Mill Street
Painesville, Ohio 44077

To the Members of the Council:

We have audited the accompanying financial statements of the Lake County Family and Children First Council, Lake County, (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 fund 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 fund cash balances of the Lake County Family and Children First Council, Lake County, as of December 31, 2010 and 2009, and its 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 29, 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 29, 2011

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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

	<u>General</u>
Cash Receipts:	
Intergovernmental	<u>\$150,985</u>
Total Cash Receipts	<u>150,985</u>
Cash Disbursements:	
Current Disbursements:	
Contracts - Services	66,974
Administration	<u>105,155</u>
Total Disbursements	<u>172,129</u>
Total Receipts Over/(Under) Disbursements	<u>(21,144)</u>
Fund Cash Balances, January 1	<u>87,264</u>
Fund Cash Balances, December 31	<u><u>\$66,120</u></u>

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

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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

	<u>General</u>
Cash Receipts:	
Intergovernmental	\$156,244
Miscellaneous	<u>200</u>
Total Cash Receipts	<u>156,444</u>
Cash Disbursements:	
Current Disbursements:	
Contracts - Services	84,175
Administration	<u>115,290</u>
Total Disbursements	<u>199,465</u>
Total Receipts Over/(Under) Disbursements	<u>(43,020)</u>
Fund Cash Balances, January 1	<u>130,284</u>
Fund Cash Balances, December 31	<u><u>\$87,264</u></u>

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

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Section 121.37, Ohio Revised Code, 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 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 of the board of health of each city or general health district in the county, or their designees. 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 county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. 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 notify each county of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the county;
- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE 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 head start agencies, as defined in Section 3301.31 of the Revised Code; 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 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 those children for whom the council cannot provide adequate services;
- b. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- c. 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 "Education of the handicapped Act Amendments of 1986";
- d. Maintain an accountability system to monitor the council's progress in achieving results for families and children; and
- e. 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 basis of accounting 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.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts. The Council uses only a General Fund.

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources. The Council had the following significant source of funding:

Intergovernmental Receipts - Funds received from the Administration and Children Trust Grant.

D. Administrative and Fiscal Agent

The Lake County General Health District is the administrative and fiscal agent for the Council. The Lake County Auditor is the fiscal agent for the Lake County General Health District. The Council's fund is maintained in a separate special revenue fund at the County.

E. Contracted Services

For the period January 1, 2009 through December 31, 2010, the Council's program administrators were paid through contracted services. Invoices were submitted for hours worked and an IRS form 1099 was issued to them by the Lake County Auditor at year end for payments of more than \$600 for the year.

F. Property, Plant, and Equipment

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

G. Budgetary Process

In accordance with Ohio Revised Code section 121.37(B)(5)(a), the Council filed its annual budget with its fiscal agent for both 2010 and 2009.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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

2. Equity in Pooled Cash and Investments-

As required by the Ohio Revised Code, the Lake County Treasurer maintains a cash pool used by all of the County's funds, including those of the Lake County Family and Children First Council through the Lake County General Health District. The Council's carrying amount of cash on deposit with the County Treasurer as of December 31, 2010 and December 31, 2009 was \$66,120 and \$87,264, respectively. Lake County General Health District, as fiscal agent for the Council, through Lake County is responsible for maintaining adequate depository collateral for all funds in the County Treasurer's pooled and deposit accounts.

3. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2010 and 2009.

4. Risk Management

Insurance for comprehensive property and general liability is provided by the Lake County General Health District, which is the Council's fiscal agent.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lake County Family and Children First Council
Lake County
33 Mill Street
Painesville, Ohio 44077

To the Members of the Council:

We have audited the financial statements of the Lake County Family and Children First Council, Lake County, Ohio, (the Council) as of and for the years ended December 31, 2010 and, 2009, and have issued our report thereon dated July 29, 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 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 did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated July 29, 2011.

We intend this report solely for the information and use of the audit committee, management, Members of the 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 29, 2011



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LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

LAKE 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
AUGUST 11, 2011**