



**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2007



Mary Taylor, CPA
Auditor of State

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

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Mary Taylor, CPA
Auditor of State

Medina County Family First Council
Medina County
232 Northland Drive
Medina, Ohio 44256

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 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.

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Mary Taylor, CPA
Auditor of State

April 11, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Family First Council
Medina County
232 Northland Drive
Medina, Ohio 44256

To the Council Members:

We have audited the accompanying financial statements of the Medina County Family First Council, Medina County, Ohio, (the Council) as of and for the years ended December 31, 2007 and 2006. 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, 2007 and 2006 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, 2007 and 2006, 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 Medina County Family First Council, Medina County, Ohio as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As further described in Note 3, the Council restated its General and Special Revenue Funds' fund balance to account for a fund type reclassification.

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 April 11, 2008, 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

April 11, 2008

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 40,249	\$ 950,588	\$ 990,837
Other	480	46	526
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,729	950,634	991,363
Cash Disbursements:			
Salaries and Benefits	22,788	17,780	40,568
Supplies	592	6,437	7,029
Contract Services	58,605	356,509	415,114
Purchased Services	2,918	542,034	544,952
Utilities		7,276	7,276
Rent		7,458	7,458
Other	9,931	30,718	40,649
Refunds		109	109
Equipment	180	2,285	2,465
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	95,014	970,606	1,065,620
Total Cash Receipts Under Cash Disbursements	(54,285)	(19,972)	(74,257)
Other Financing Cash Receipts/(Cash Disbursements):			
Transfers In	64,038		64,038
Transfers Out		(64,038)	(64,038)
	<hr/>	<hr/>	<hr/>
Total Other Cash Financing Receipts/(Cash Disbursements)	64,038	(64,038)	
Excess of Cash Receipts and Other Financing Cash Receipts Over/(Under) Cash Disbursements and Other Financing Cash Disbursements	<hr/>	<hr/>	<hr/>
	9,753	(84,010)	(74,257)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	140,296	166,052	306,348
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$150,049	\$82,042	\$232,091

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

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 69,136	\$ 923,506	\$ 992,642
Other	1,500	2,890	4,390
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	70,636	926,396	997,032
Cash Disbursements:			
Salaries and Benefits	15,692	3,885	19,577
Supplies	472	8,172	8,644
Contract Services	54,122	366,259	420,381
Purchased Services	15,172	503,770	518,942
Utilities		7,162	7,162
Rent		7,458	7,458
Other	5,957	27,536	33,493
Refunds		2,621	2,621
Equipment		25	25
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	91,415	926,888	1,018,303
Total Cash Receipts Under Cash Disbursements	(20,779)	(492)	(21,271)
Other Financing Cash Receipts/(Cash Disbursements):			
Transfers In	27,937	1,258	29,195
Transfers Out	(1,258)	(27,937)	(29,195)
	<hr/>	<hr/>	<hr/>
Total Other Financing Cash Receipts/(Cash Disbursements)	26,679	(26,679)	
Excess of Cash Receipts and Other Financing Cash Receipts Over/(Under) Cash Disbursements and Other Financing Cash Disbursements	5,900	(27,171)	(21,271)
Fund Cash Balances, January 1 (as restated; see note 3)	134,396	193,223	327,619
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$140,296</u>	<u>\$166,052</u>	<u>\$306,348</u>

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

**MEDINA FAMILY FIRST COUNCIL
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Medina County Family First Council, Medina County, Ohio, (the Council) as a body corporate and politic. The Council consists of statutory members pursuant to Ohio Rev. Code Section 121.37 plus others who benefit the progress of the Council's goals. Council operations are vested in Council members through committees. The Medina County Board of Commissioners serves as administrative agent. The Council contracts with individuals to provide management and care-giver services.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

B. Accounting Basis

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

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

C. Cash and Investments

In accordance with Ohio Revised Code, the Council's cash is held and invested by the Medina County Treasurer, who acts as fiscal and administrative agents for the Council's monies. The Council's assets are held in the County's cash and investment pool. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Treasurer at December 31, 2007 and 2006 were \$232,091 and \$306,348, respectively. The Medina County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of Medina County.

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:

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:

**MEDINA FAMILY FIRST COUNCIL
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Help Me Grow Grant Fund - This fund receives Federal grant money for the purpose of providing services to families with young children at greater risk.

FFC Pooled Funds - This fund receives monies from various other social service agencies and county divisions (i.e., Juvenile Court) for the purpose of providing various types of services, as designated by the funding sources, to families.

Wellness Fund – This fund receives monies from the Medina County Jobs and Family Services to provide services to families through contract with various social service organizations.

E. 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.

F. Fiscal Agent

The Medina County Treasurer and Auditor serve as the fiscal/administrative agent for the Council. Council funds are maintained in separate agency funds at the County.

2. Retirement System

Employees belong 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 2007 and 2006, OPERS members contributed 9.5 percent and 9 percent, respectively, of their gross salaries and the Council contributed an amount equaling 13.85 percent and 13.7 percent, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2007.

3. Beginning Fund Balance Restatement

The Council reclassified its Family First Pooled Fund from a component of the General Fund to a Special Revenue Fund. As such, the January 1, 2006 General and Special Revenue Funds' fund balances were restated from \$264,191 and \$63,428 (as previously reported) to \$134,396 and \$193,223, respectively.

**MEDINA FAMILY FIRST COUNCIL
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Risk Management

The Council is covered under the various insurance policies of Medina County, the fiscal/administrative agent.

5. 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.

6. Fund Deficits

At December 31, 2007, the Help Me Grow and Wellness, Special Revenue Funds had a fund deficit of \$25,507 and \$34,670 respectively. At December 31, 2006, the Help Me Grow and Wellness, Special Revenue Funds had fund deficits of \$33,063 and \$38,224, respectively. These deficits will be eliminated once grant expenditures are reimbursed by the State of Ohio.

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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*

Medina County Family First Council
Medina County
232 Northland Drive
Medina, Ohio 44256

To the Council Members:

We have audited the financial statements of the Medina County Family First Council, Medina County, Ohio, (the Council) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 11, 2008, 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 and wherein we noted the Council restated its General and Special Revenue Funds' fund balances. 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.

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 the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

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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 noncompliance or other matters that we reported to the Council's management in a separate letter dated April 11, 2008.

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

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

Mary Taylor, CPA
Auditor of State

April 11, 2008



Mary Taylor, CPA
Auditor of State

MEDINA COUNTY FAMILY FIRST COUNCIL

MEDINA 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
JUNE 10, 2008**