



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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Dave Yost • Auditor of State

Family and Children First Council
Paulding County
202 North Cherry Street P.O. Box 176
Paulding, Ohio 45879-0176

To the Members of 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 8, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Paulding County
202 North Cherry Street P.O. Box 176
Paulding, Ohio 45879-0176

To the Members of Council:

We have audited the accompanying financial statements of Family and Children First Council, Paulding 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 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, Paulding 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 March 8, 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.



Dave Yost
Auditor of State

March 8, 2011

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$17,069	\$153,028	\$170,097
Earnings on Investments	471	275	746
	<u>17,540</u>	<u>153,303</u>	<u>170,843</u>
Cash Disbursements:			
Current:			
Salaries	14,130	73,329	87,459
Fringe Benefits	4,599	36,708	41,307
Purchased Services	111	8,121	8,232
Parent Involvement	217	3,756	3,973
Program Mileage	615	4,241	4,856
Rent		3,000	3,000
Telephone/Internet		1,465	1,465
Administrative	466	4,623	5,089
Supplies and Equipment	216	5,174	5,390
	<u>20,354</u>	<u>140,417</u>	<u>160,771</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,814)</u>	<u>12,886</u>	<u>10,072</u>
Other Financing Disbursements:			
Other Financing Uses		<u>(10,328)</u>	<u>(10,328)</u>
Excess of Cash Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(2,814)	2,558	(256)
Fund Cash Balances, January 1	<u>59,917</u>	<u>89,364</u>	<u>149,281</u>
Fund Cash Balances, December 31	<u>\$57,103</u>	<u>\$91,922</u>	<u>\$149,025</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING 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	\$36,736	\$187,728	\$224,464
Earnings on Investments		232	232
Total Cash Receipts	<u>36,736</u>	<u>187,960</u>	<u>224,696</u>
Cash Disbursements:			
Current:			
Salaries	11,136	71,542	82,678
Fringe Benefits	4,016	32,965	36,981
Purchased Services	413	13,083	13,496
Parent Involvement	20	3,985	4,005
Program Mileage	535	5,038	5,573
Rent		3,000	3,000
Telephone/Internet		1,679	1,679
Administrative		5,123	5,123
Supplies and Equipment	21	1,146	1,167
Audit Expense	2,619		2,619
Total Cash Disbursements	<u>18,760</u>	<u>137,561</u>	<u>156,321</u>
Total Cash Receipts Over Cash Disbursements	<u>17,976</u>	<u>50,399</u>	<u>68,375</u>
Fund Cash Balances, January 1	<u>41,941</u>	<u>38,965</u>	<u>80,906</u>
Fund Cash Balances, December 31	<u><u>\$59,917</u></u>	<u><u>\$89,364</u></u>	<u><u>\$149,281</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Ohio Revised Code § 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 job 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;
- 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";

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

- 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 20 percent of the council's remaining membership.

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 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";
- 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.

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

B. Basis of Accounting

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. 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.

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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 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 Fund:

Early Start/Help Me Grow Fund – Federal and state grant to be used for supporting and assisting low income families with children.

D. Administrative Agent

The Western Buckeye Educational Service Center (ESC) serves as administrative agent for the Council. Council funds are maintained in a separate agency fund by the ESC's Treasurer.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually by the Council and the budget be filed with the administrative agent.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Western Buckeye Education Service Center Treasurer maintains a cash pool used by all the ESC's funds, including those of the Council as of December 31, 2010 and 2009. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the ESC at December 31, 2010 and 2009 was \$149,025 and \$149,281, respectively. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the agent's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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

3. Retirement Systems

The Council's certified employees belong to the State Teachers Retirement System (STRS). Other employees belong to the School Employees Retirement System (SERS). STRS and SERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, STRS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. For 2010 and 2009, SERS 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.

4. Risk Management

The Council is insured for general liability and casualty by the Paulding County Commissioners.

5. Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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.



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

Family and Children First Council
Paulding County
202 North Cherry Street P.O. Box 176
Paulding, Ohio 45879-0176

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Paulding County, (the Council) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 8, 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.

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

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

Dave Yost
Auditor of State

March 8, 2011



Dave Yost • Auditor of State

PAULDING FAMILY AND CHILDREN FIRST COUNCIL

PAULDING 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
MARCH 24, 2011**