



**Auditor of State
Betty Montgomery**

**FAMILY & CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Ashtabula County
2801 C Court
PO Box 756
Ashtabula, Ohio 44005-0756

To 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 a February 2, 2005 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 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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Betty Montgomery
Auditor of State

September 1, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Ashtabula County
2801 C Court
PO Box 756
Ashtabula, Ohio 44005-0756

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Ashtabula County, (the Council) as of and for the years ended December 31, 2004 and 2003. 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.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, 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, 2004 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Family & Children First Council, Ashtabula County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 1, 2005, 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.



Betty Montgomery
Auditor of State

September 1, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Government Agencies	\$86,486		\$0	\$86,486
Intergovernmental	18,800	\$681,397		700,197
Total Cash Receipts	<u>105,286</u>	<u>681,397</u>	<u>0</u>	<u>786,683</u>
Cash Disbursements:				
Salaries and Benefits	119,069			119,069
Supplies	3,271			3,271
Contracts - Services	5,250	715,623	10,000	730,873
Travel and Training	8,694			8,694
Utilities and rentals	6,260			6,260
Total Disbursements	<u>142,544</u>	<u>715,623</u>	<u>10,000</u>	<u>868,167</u>
Total Receipts Over/(Under) Disbursements	<u>(37,258)</u>	<u>(34,226)</u>	<u>(10,000)</u>	<u>(81,484)</u>
Fund Cash Balances, January 1	<u>82,580</u>	<u>63,267</u>	<u>36,900</u>	<u>182,747</u>
Fund Cash Balances, December 31	<u><u>\$45,322</u></u>	<u><u>\$29,041</u></u>	<u><u>\$26,900</u></u>	<u><u>\$101,263</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Government Agencies	\$87,728	\$7,800		\$95,528
Intergovernmental	45,000	867,327		912,327
Other Receipts	2,586		\$36,900	39,486
Total Cash Receipts	<u>135,314</u>	<u>875,127</u>	<u>36,900</u>	<u>1,047,341</u>
Cash Disbursements:				
Salaries and Benefits	112,672	61,287		173,959
Supplies	3,838	283		4,121
Contracts - Services	13,558	1,021,335		1,034,893
Travel and Training	5,874	928		6,802
Utilities and rentals	5,966	1,799		7,765
Total Disbursements	<u>141,908</u>	<u>1,085,632</u>	<u>0</u>	<u>1,227,540</u>
Total Receipts Over/(Under) Disbursements	<u>(6,594)</u>	<u>(210,505)</u>	<u>36,900</u>	<u>(180,199)</u>
Fund Cash Balances, January 1	<u>89,174</u>	<u>273,772</u>	<u>0</u>	<u>362,946</u>
Fund Cash Balances, December 31	<u>\$82,580</u>	<u>\$63,267</u>	<u>\$36,900</u>	<u>\$182,747</u>

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. DESCRIPTION OF THE ENTITY

Section 121.37, 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 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 municipal corporation with the largest population 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. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.
- o. 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
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. DESCRIPTION OF THE ENTITY (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.

The councils' 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.

Finance Committee

The finance committee consists of a minimum of four and maximum of seven members approved by the Council having a financial knowledge beneficial to the committee. It shall review matters related to the financial well being of the Council and provide a link between the Council and management in implementation and review of the financial procedures. Areas of jurisdiction include budgets, review of receipts and expenditures, audits, and service fees.

Steering Committee

The steering committee consists of the Chairperson; Vice-Chairperson; Chairpersons of the finance, program, public information and personnel committees; and two at-large members elected from Council members. It shall expedite the business of the organization, set agendas, and refer business to the appropriate committees.

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. DESCRIPTION OF THE ENTITY (Continued)

Program Committee

The program committee consists of a minimum of six and maximum of twelve members approved by the Council. It shall review programs and services directly affecting Ashtabula County consumers. The committee develops annual service plans, identifies the need for ad-hoc committees and recommends grant applications and funding needs.

Personnel Committee

The personnel committee consists of a minimum of four and maximum of seven members approved by the Council. It shall review matters related to Council staff support, staff selection, performance appraisals and job descriptions.

Cluster Committee

The cluster committee consists of directors of agencies serving on cluster through legislation, to a maximum of six members. Voting on funding issues is limited to those agencies having such funding responsibility. The committee shall review matters related to cluster activities and clients served through the cluster process; policies and procedures; funding; legislation; and the service coordination plan.

Public Information Committee

The public information committee consists of a minimum of five and maximum of twelve members approved by the Council. It shall provide cross training activities through planning, presentations, evaluations, survey for particular needs assessments; coordination of public news releases; and recommendations of pertinent activities to the Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report expenditures when commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. 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 classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The grants included in the Special Revenue Funds are the Wellness Block Grant, Cluster Wraparound, Family Stability, Welcome Home and Ohio Early Start Grant.

Fiduciary Fund – (Trust Fund)

This fund accounts for resources restricted by a legally binding trust agreement. The Council has one Expendable Trust Fund – Miller Trust - that is to be used at the discretion of Council.

C. Budgetary Process

The Family and Children First Council is required to adopt a budget as per Ohio Revised Code Section 121.37.

D. Administrative Agent

The Council designates an administrative agents for all funds received in the name of the Council. During the audit period, the designated Administrative agents were as follows:

<u>Administrative Agent</u>	<u>Funding</u>
Ashtabula County Children Service Board	State Administration Grant Ohio Wellness Block Grant Ohio Children Trust Fund Family Stability Incentive Help Me Grow Grant Pooled Funds

The Ashtabula County Auditor is the designated fiscal agent for the Ashtabula County Children Services Board.

E. Property, Plant and Equipment

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

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

3. EQUITY IN POOLED CASH

The Ashtabula County Treasurer maintains a cash pool used by all of the county's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2004, was \$101,263 and at December 31, 2003; \$182,747. The Ashtabula County Treasurer is responsible for maintaining adequate depository collateral for all funds in Ashtabula County's pooled and deposit accounts.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$105,286	\$105,286	\$0
Special Revenue Funds	681,397	681,397	0
Total	\$786,683	\$786,683	\$0

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$151,533	\$142,544	\$8,989
Special Revenue Funds	687,055	715,623	(28,568)
Total	\$838,588	\$858,167	(\$19,579)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$135,314	\$135,314	\$0
Special Revenue Funds	875,127	875,127	0
Total	\$1,010,441	\$1,010,441	\$0

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. BUDGETARY ACTIVITY – (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$150,631	\$141,908	\$8,723
Special Revenue Funds	1,167,846	1,085,632	82,214
Total	\$1,318,477	\$1,227,540	\$90,937

5. RETIREMENT SYSTEM

The Council's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The Family & Children First Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



Auditor of State Betty Montgomery

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
Ashtabula County
2801 C Court
PO Box 756
Ashtabula, Ohio 44005-0756

To Members of the Council:

We have audited the financial statements of the Family and Children First Council, Ashtabula County, (the Council) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated September 1, 2005, 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated September 1, 2005, we reported two matters involving internal control over financial reporting we did not deem a reportable condition.

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*. In a separate letter to the Council's management dated September 1, 2005, we reported one matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Members of Council.
It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 1, 2005



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

ASHTABULA 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 29, 2005**