



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Union County
940 London Avenue, Suite 1700
Marysville, Ohio 43040

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 a February 2, 2005 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 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 21, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Union County
940 London Avenue, Suite 1700
Marysville, Ohio 43040

To the Members of the Council:

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

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Family and Children First Council, Union County, Ohio, 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 21, 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 21, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$176,170	\$176,170
Intergovernmental	32,800	59,673	92,473
Administrative Fees	15,155	0	15,155
Miscellaneous	23	0	23
	<u>47,978</u>	<u>235,843</u>	<u>283,821</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries	46,639	0	46,639
Supplies	778	0	778
Contracts - Services	55	225,012	225,067
Travel	943	0	943
Advertising and printing	102	0	102
Insurance	7,431	0	7,431
Other	560	0	560
Public employee's retirement	6,079	0	6,079
Worker's compensation	663	0	663
Medicare	637	0	637
	<u>63,887</u>	<u>225,012</u>	<u>288,899</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	(15,909)	10,831	(5,078)
Fund Cash Balances, January 1	<u>42,841</u>	<u>34,516</u>	<u>77,357</u>
Fund Cash Balances, December 31	<u><u>\$26,932</u></u>	<u><u>\$45,347</u></u>	<u><u>\$72,279</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Federal awards	\$0	\$202,792	\$202,792
Intergovernmental	42,500	48,404	90,904
Administrative Fees	20,846	0	20,846
	<u>63,346</u>	<u>251,196</u>	<u>314,542</u>
Total Cash Receipts			
	63,346	251,196	314,542
Cash Disbursements:			
Salaries	43,555	0	43,555
Supplies	2,150	0	2,150
Contracts - Services	4,093	296,810	300,903
Travel	1,513	0	1,513
Insurance	6,251	0	6,251
Other	1,070	1,370	2,440
Public employee's retirement	6,852	0	6,852
Worker's compensation	380	0	380
Medicare	596	0	596
	<u>66,460</u>	<u>298,180</u>	<u>364,640</u>
Total Cash Disbursements			
	66,460	298,180	364,640
Total Receipts Over/(Under) Disbursements	(3,114)	(46,984)	(50,098)
Other Financing Receipts/(Disbursements):			
Transfers-In	3,261	8,500	11,761
Transfers-Out	(8,500)	(3,261)	(11,761)
	<u>(5,239)</u>	<u>5,239</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	(5,239)	5,239	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,353)	(41,745)	(50,098)
Fund Cash Balances, January 1	51,194	76,261	127,455
	<u>51,194</u>	<u>76,261</u>	<u>127,455</u>
Fund Cash Balances, December 31	<u>\$42,841</u>	<u>\$34,516</u>	<u>\$77,357</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Ohio Rev. Code, created the Ohio Family and Children First Cabinet Council permitting counties to establish county family and children first councils. Statutory membership of the council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of human services.
- f. The executive director of county children's services board.
- g. The superintendent for the county board of MRDD.
- h. The administrative or the judge senior in service or his designee for the county's juvenile court.
- i. The superintendent of the city, exempted village, or local school district within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- j. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- k. A representative of the municipal corporation with the largest population in the county.
- l. The chair of the board of county commissioners or a designee.
- m. A representative from the regional office of the Ohio Department of Youth Services.
- n. A representative of the county's head start agencies.
- o. A representative of the county's early intervention collaborative.
- p. A representative of the local nonprofit entity that funds, advocates, or provide services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. 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.

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. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a board representation of families who are receiving services within the county system;
- f. Participate in the development of a county wide, comprehensive, coordinated, multidisciplinary 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".

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.

These statements adequately disclose material matters the Auditor of State's accounting basis requires.

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 accounts for all financial resources except those restricted by law or contract.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Fund - This fund is used to account for receipts and expenditures of the Council's Help Me Grow Grant. .

Ohio Child Trust Fund - This fund is used to account for receipts and expenditures of the Council's Ohio Child Trust Grant.

D. Fiscal Agent

The Council designated the Union County Auditor as the fiscal agent for all funds received in the name of the Council. The Council designated the Union County Commissioners as the administrative agent.

E. Equity in Pooled Cash

The Council's cash and investments are maintained by Union County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2004, and December 31, 2003, the Council's share of the County's Cash and Investments pool was as follows:

	<u>2004</u>	<u>2003</u>
Total Deposits	<u>\$ 72,279</u>	<u>\$ 77,357</u>

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

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.

2. BUDGETARY PROCESS

The Family and Children First Council is required by Ohio Law to submit a budget to its Administrative Agent, the County Board of Commissioners, and the County Auditor.

The Council prepared budgets for calendar years 2004 and 2003 and submitted them to the appropriate authorities. These budgets summarize estimated receipts and disbursements.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

2. BUDGETARY PROCESS (Continued)

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 is as follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,467	\$47,978	(\$31,489)
Special Revenue	234,410	235,843	1,433
Total	<u>\$313,877</u>	<u>\$283,821</u>	<u>(\$30,056)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,366	\$63,887	\$4,479
Special Revenue	225,851	225,012	839
Total	<u>\$294,217</u>	<u>\$288,899</u>	<u>\$5,318</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,320	\$66,607	\$9,287
Special Revenue	230,354	259,696	29,342
Total	<u>\$287,674</u>	<u>\$326,303</u>	<u>\$38,629</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,634	\$74,960	\$15,674
Special Revenue	385,401	301,441	83,960
Total	<u>\$476,035</u>	<u>\$376,401</u>	<u>\$99,634</u>

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

3. RETIREMENT SYSTEM

The Council's Director belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of PERS contributed 8.5% percent of their wages to PERS. The Council contributed an amount equal to 13.55% percent of the Director's gross salary for 2004 and 2003. The Council has paid all contributions required through December 31, 2004.

4. RISK MANAGEMENT

The Council is covered under Union County's insurance policy which includes:

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

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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
Union County
940 London Avenue, Suite 1700
Marysville, Ohio 43040

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Union County, Ohio, (the Council) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated September 21, 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.

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 the finance committee, management, and the 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 21, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

FAMILY AND CHILDREN FIRST COUNCIL

UNION 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
OCTOBER 6, 2005**