



**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004-2003



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Shelby County
129 E. Court Street
Sidney, Ohio 45365

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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 26, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Shelby County
129 E. Court Street
Sidney, Ohio 45365

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Shelby 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 their 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 the Family and Children First Council, Shelby 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 26, 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 26, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental		\$252,899	\$252,899
Local Agency Contributions	\$37,149	7,353	44,502
Other Revenue	408	2,000	2,408
Total Cash Receipts	37,557	262,252	299,809
Cash Disbursements:			
Current:			
Personal Services	79,706	112,617	192,323
Contract Services		140,768	140,768
Travel	755	2,822	3,577
Training	573	509	1,082
Phone and Internet	1,861	2,486	4,347
Postage	14		14
Program Services	30	11,098	11,128
Advertising	82	1,863	1,945
Supplies and Materials	683	4,792	5,475
Capital Outlay		8,889	8,889
Miscellaneous	200	90	290
Total Cash Disbursements	83,904	285,934	369,838
Total Receipts Over/(Under) Disbursements	(46,347)	(23,682)	(70,029)
Other Financing Receipts and (Disbursements):			
Advances-In	20,000		20,000
Advances-Out		(20,000)	(20,000)
Advances-Out to County Commissioners		(30,000)	(30,000)
Total Other Financing Receipts/(Disbursements)	20,000	(50,000)	(30,000)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,347)	(73,682)	(100,029)
Fund Cash Balances, January 1	51,064	137,444	188,508
Fund Cash Balances, December 31	\$24,717	\$63,762	\$88,479

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

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$2,538	\$416,317	\$418,855
Local Agency Contributions	32,210		32,210
Other Revenue	6,908	3,322	10,230
	<u>41,656</u>	<u>419,639</u>	<u>461,295</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Personal Services	47,624	208,445	256,069
Utilities		3,166	3,166
Contract Services	175	2,108	2,283
Program Services	3,023	164,350	167,373
Maintenance on Equipment		993	993
Supplies and Materials	145	13,366	13,511
Capital Outlay		3,158	3,158
Miscellaneous	746	2,686	3,432
	<u>51,713</u>	<u>398,272</u>	<u>449,985</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(10,057)</u>	<u>21,367</u>	<u>11,310</u>
Other Financing Receipts and (Disbursements):			
Advances-In	64,400	31,266	95,666
Advance-In from County Commissioners		30,000	30,000
Advances-Out	(31,266)	(64,400)	(95,666)
	<u>33,134</u>	<u>(3,134)</u>	<u>30,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,077	18,233	41,310
Fund Cash Balances, January 1	<u>27,987</u>	<u>119,211</u>	<u>147,198</u>
Fund Cash Balances, December 31	<u>\$51,064</u>	<u>\$137,444</u>	<u>\$188,508</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY 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, 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:

- Director of the ADAMHS Board serving the county;
- The health commissioner of the board of health of each city or general health district in the county, or their designees;
- The director of the county department of job and family services;
- The superintendent of the county board of mental retardation and developmental disabilities;
- The director of the children service agency;
- The presiding judge of the juvenile court;
- The superintendent of the County's largest school district;
- The superintendent representing all other school districts;
- The chair of county commissioners or designee;
- A head start representative;
- A county early intervention collaborative representative;
- At least three individuals whose families have received services from two or more agencies represented on the council;
- A representative of regional department of youth services; and,
- A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

The Families and Children First Council will include as members any agency, school system, or other interested party serving Shelby County children and their families according to the Council's Vision Statement. Any such entity that passes a resolution endorsing the Vision Statement and agrees to cooperate in the development and implementation of the goals of Families and Children First shall be considered a member.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

The Shelby County Auditor acts as fiscal agent for the Council and the Shelby County Treasurer maintains a cash and investment pool used by all County funds.

D. 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:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from state sources. The Council had the following significant Special Revenue Fund:

Help Me Grow Grant - The Help Me Grow Grant is administered by the Ohio Department of Health to provide services for expectant parents, newborns and their families, and toddlers at risk for or with developmental delays and disabilities and their families.

E. Fiscal Agent

The Shelby County Auditor has been designated by the Council to serve as the fiscal agent. Council funds are maintained in separate agency funds in the County.

F. Administrative Agent

The Shelby County Commissioners have been designated by the Council to serve as the administrative agent.

G. 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 basis of accounting used by the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Shelby County Auditor acts as fiscal agent and the Shelby County Treasurer maintains a cash and investment pool used by all County funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts for the Council's portion of cash and investments on the records of the County Auditor as of December 31, 2004, and 2003 were as follows:

	<u>2004</u>	<u>2003</u>
County Treasury	<u>\$88,479</u>	<u>\$188,508</u>

3. GRANTS

The Council receives financial assistance from state and federal agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified within the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2004.

4. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contribute 8.5% of their gross salaries, and the Council contributes an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

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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
Shelby County
129 E. Court Street
Sidney, Ohio 45365

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Shelby County, (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 26, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principals 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 26, 2005, we reported matters involving internal control over financial reporting we did not deem reportable conditions.

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 26, 2005, we reported matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of the management, Executive Committee, and 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 26, 2005



**Auditor of State
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL
SHELBY 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 10, 2005**