



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN 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 - Governmental Fund Types - For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Governmental Fund Types - For the Year Ended December 31, 2003.....	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>	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 19, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

We have audited the accompanying financial statements of the Family and Children First Council, Allen County, (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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, 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, Allen 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 2 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 July 19, 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

July 19, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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 Receipts	\$97,331	\$329,363	\$426,694
Dues	10,990		10,990
Miscellaneous		8,396	8,396
		<hr/>	<hr/>
Total Cash Receipts	108,321	337,759	446,080
Cash Disbursements:			
Current:			
Salaries and Benefits	66,655		66,655
Supplies	863		863
Travel/Training	959		959
Intergovernmental Disbursements		301,541	301,541
Contractual Services	24,491	50	24,541
Miscellaneous	91		91
		<hr/>	<hr/>
Total Cash Disbursements	93,059	301,591	394,650
Total Receipts Over/(Under) Disbursements	15,262	36,168	51,430
Fund Cash Balances, January 1	28,969	160,218	189,187
		<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$44,231</u>	<u>\$196,386</u>	<u>\$240,617</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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:			
Intergovernmental Receipts	\$61,885	\$441,184	\$503,069
Dues	11,185		11,185
Miscellaneous		27,431	27,431
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	73,070	468,615	541,685
Cash Disbursements:			
Current:			
Salaries and Benefits	77,014		77,014
Supplies	508		508
Travel/Training	590		590
Intergovernmental Disbursements		497,819	497,819
Contractual Services	15,432		15,432
Miscellaneous	58	96	154
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	93,602	497,915	591,517
Total Receipts Over/(Under) Disbursements	(20,532)	(29,300)	(49,832)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	49,501	189,518	239,019
Fund Cash Balances, December 31	<u>\$28,969</u>	<u>\$160,218</u>	<u>\$189,187</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY

Ohio Rev. Code Section 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 Council in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to the Ohio Rev. Code Section 5153.15;
- 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 Council 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 Councils with territory in the county, as designated at a biennial meeting of the superintendents of those Councils;
- 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 Ohio Rev. Code Section 3301.31;
- 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. 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 per cent 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.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY (Continued)

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. Participates 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.

To assist in fulfilling the Council's statutory responsibilities, the following committees have been established:

A. Intersystem Services for Families/Service Coordination Committee

Established to oversee the coordination of services and funding for multi-system families and children and to proactively create change in the service delivery system to better meet the needs of families within the community. Responsibilities include identification of programs to be provided for home behavioral health service in Allen County, and to review the services coordination plan and make recommendations that benefit the community.

B. Training/Staff Development Committee

Established to develop county-wide, cross-systems training events for service providers at every level. Also, to participate in regional meetings with other Family and Children First Councils, and to facilitate presentations or training on timely topics whenever need is presented.

C. Early Childhood Conference Committee

Established as an outgrowth of the Training and Staff Development Committee to concentrate on providing an annual conference for Professionals who work with children birth to five. This group also plans a Parent Night in conjunction with the Conference to assure that parents benefit from the state and national speakers brought in as keynote speakers. The audience for this conference includes social service providers, health care providers, educators, and community members who work with and serve families. Attendance was 225 in 2004 – from 10 surrounding counties.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

1. DESCRIPTION OF THE ENTITY (Continued)

D. Prevention Services Committee

Established to select, implement, monitor and evaluate appropriate prevention programs for the Wellness Block Grant Funds and subsequently for the Children's Trust Fund; to serve the primary stated focus of the grants, while supporting the community's wellness through the use of a variety of prevention and intervention programs; to recommend future programming based on the results of the evaluation.

E. Allen County CCG CORE Committee

The official link between Help Me Grow and Family and Children First Council. This committee is appointed by the President of Council and acts as the executive board for Help Me Grow. Oversight of programs, expenditures and collaborative relationships with LEO's and other birth to age three providers are this committee's responsibility.

F. Finance Committee

This committee has oversight of all fiscal concerns of Council. They have primary approval of grant proposals, and the fiscal reports that Council submits to fund sources. This committee meets every other month to consider the progress toward expenditure of grants and local shared funds and to deal with any fiscal concerns that may arise.

G. Family Support Committee

Identifies and creates strategies to meet family needs. Ensures that families have access to the support they need to promote self-sufficiency and supports family representation on Council and Council committees. Also seeks to find parents who could become members of Council and represent other families in committee and full Council meetings.

2. SUMMARY OF SIGNIFICANT 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 paid rather than when a liability is incurred.

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 Council uses fund accounting to segregate cash and investments that are restricted as to use.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

2. SUMMARY OF SIGNIFICANT POLICIES (Continued)

The Council classifies its funds into the following types:

1. 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. During 2004 and 2003, the Council received funding from an Administration Grant and dues from member agencies. Also, during 2004, the Council received reimbursement for expenditures through a Title XX grant from Partnerships for Success.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During 2004 and 2003, the Council received a grant from the Department of Health which included funding from Federal Part C and the Ohio General Fund for the Help Me Grow programs. A grant was also, received from the Children's Trust Fund to provide prevention programming for child abuse and neglect.

C. Administrative/Fiscal Agent

The Allen County Commissioners were designated by the Council to serve as the administrative agent as of January 1, 1997. The Allen County Auditor acts as fiscal agent for the Council and the County Treasurer maintains a cash and investment pool used by all County funds. Council funds are maintained in the agency funds of the County.

D. Grant Sub recipients

During the period January 1, 2003 through December 31, 2004, the Council established an agreement with Allen County Board of Mental Retardation and Development Disabilities (MR/DD) to act as the administrative agent to administer Help Me Grow. Council also has a Memorandum of Understanding with the Department of Job and Family Services (DJFS) allowing our administrator for Help Me Grow to contract with MR/DD for the third funding stream utilized by this program. Funds are received from three sources: Federal Part C, Ohio General Fund and TANF funds. The first two sources are facilitated by the Council Coordinator, and the TANF funds are directly contracted between MR/DD and the DJFS. The two grants administered by the Council are presented as intergovernmental receipts and disbursement on the Council's financial statements.

E. Budgetary Process

The Council by-laws require that each fund be budgeted annually. A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

3. 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	\$89,449	\$108,321	\$18,872
Special Revenue	376,742	337,759	(38,983)
Total	\$466,191	\$446,080	(\$20,111)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,833	\$93,059	\$8,774
Special Revenue	389,618	301,591	88,027
Total	\$491,451	\$394,650	\$96,801

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,915	\$73,070	\$1,155
Special Revenue	525,628	468,615	(57,013)
Total	\$597,543	\$541,685	(\$55,858)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,975	\$93,602	\$7,373
Special Revenue	683,022	497,915	185,107
Total	\$783,997	\$591,517	\$192,480

4. EQUITY IN POOLED CASH

The fiscal agent maintains separate funds for the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash with the county treasury as of December 31, 2004 was \$240,617, and as of December 31, 2003 was \$189,187. Allen County, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds.

5. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets. During 2004 and 2003, the Council's fiscal agent, Allen County, provided insurance for the assets of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

6. RETIREMENT SYSTEM

The employees belong 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 13.55 percent of participants' gross salaries for 2004 and 2003. The Council has paid all contributions required through December 31, 2004.

7. GRANTS

The Council receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based on prior experience, management believes such refunds, if any, would not be material.



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
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Board of Directors:

We have audited the financial statements of the Family and Children First Council of Allen County, Allen County, (the Council), as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated July 19, 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 July 19, 2005, we reported a matter 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 July 19, 2005, we reported a matter related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Family and Children First Council of Allen County
Allen County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Directors. 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

July 19, 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

ALLEN 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
AUGUST 23, 2005**