



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Logan County
P.O. Box 710
1973 St. Rt. 47 W
Bellefontaine, Ohio 43311

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.

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Betty Montgomery
Auditor of State

August 22, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Logan County
P.O. Box 710
1973 St. Rt. 47 W
Bellefontaine, Ohio 43311

To the Members of the Council:

We have audited the accompanying financial statements of the Logan County Family and Children First Council (the "Council") as of and for the fiscal years ended June 30, 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 fiscal year ended June 30, 2004. Instead of the combined funds the accompanying financial statements present for 2004, 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 fiscal year ended June 30, 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 June 30, 2004, or its changes in financial position for the year then ended.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council as of June 30, 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 June 30, 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 August 22, 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

August 22, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$110,555	\$306,432	\$416,987
Cash Disbursements:			
Current:			
Personal Services	82,449	272,256	354,705
Family Support	1,465	10,739	12,204
Utilities	1,194	905	2,099
Contractual Services	8,160	44,123	52,283
Travel and Training	1,143	8,294	9,437
Supplies	3,454	4,471	7,925
Repairs and Maintenance		40	40
Miscellaneous	1,306	1,195	2,501
Total Cash Disbursements	99,171	342,023	441,194
Total Receipts Over/(Under) Disbursements	11,384	(35,591)	(24,207)
Other Financing Disbursements:			
Advance Out		(6,808)	(6,808)
Refund of Prior Year Receipt		(1,107)	(1,107)
Total Other Financing Disbursements		(7,915)	(7,915)
Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,384	(43,506)	(32,122)
Fund Cash Balances, July 1	14,734	87,078	101,812
Fund Cash Balances, June 30	<u>\$26,118</u>	<u>\$43,572</u>	<u>\$69,690</u>
Reserves for Encumbrances, June 30	<u>\$12,372</u>	<u>\$48,260</u>	<u>\$60,632</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$61,199	\$615,962	\$677,161
Cash Disbursements:			
Current:			
Personal Services	39,751	411,374	451,125
Family Support		14,668	14,668
Utilities	1,372	2,360	3,732
Contractual Services	1,245	181,490	182,735
Travel and Training	2,125	9,910	12,035
Supplies	2,316	7,503	9,819
Repairs and Maintenance		3,539	3,539
Miscellaneous	3,259		3,259
Capital Outlay	3,298	500	3,798
Total Cash Disbursements	53,366	631,344	684,710
Total Receipts Over/(Under) Disbursements	7,833	(15,382)	(7,549)
Other Financing Receipts/(Disbursements):			
Advance In		6,808	6,808
Advance Out	(6,808)		(6,808)
Total Other Financing Receipts/(Disbursements)	(6,808)	6,808	
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,025	(8,574)	(7,549)
Fund Cash Balances, July 1	13,709	95,652	109,361
Fund Cash Balances, June 30	<u>\$14,734</u>	<u>\$87,078</u>	<u>\$101,812</u>
Reserves for Encumbrances, June 30	<u>\$8,674</u>	<u>\$62,714</u>	<u>\$71,388</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 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 (the "Council"). Statutory membership of a county council consists of the following individuals:

- a. Represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership.
- b. 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job and family services;
- e. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. 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 board of county commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the county;
- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;
- m. A representative of the county's head start agencies, as defined in Section 3101.31 of the Revised Code

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- n. 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";
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments

The Logan County Education Service Center acts as fiscal agent for the Council and maintains a cash and investment pool used by all Center funds.

D. Fund Accounting

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

GRF - This fund receives GRF monies from the State of Ohio to be expended according to the requirements of the grant.

Family Stability - This fund receives Family Stability monies from the State of Ohio to be expended according to the requirements of the grant.

HMG - This fund receives GRF monies from the State of Ohio to be expended according to the requirements of the grant.

E. Budgetary Process

The Center's by-laws require the adoption of an annual budget. A summary of this activity appears in Note 3.

F. Fiscal/Administrative Agent

The Logan County Educational Service Center is the fiscal and administrative agent for the Council.

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
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments.

The Logan County Educational Service Center acts as fiscal agent and maintains a cash and investment pool used by all Center funds. The carrying amount of the Council's portion of cash and investments on the records of the Educational Service Center as of June 30, 2004 and 2003 was as follows:

	2004	2003
Demand deposits	\$69,690	\$101,812

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,403	\$110,555	\$6,152
Special Revenue	350,355	306,432	(43,923)
Total	\$454,758	\$416,987	(\$37,771)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,889	\$111,543	\$26,346
Special Revenue	427,310	398,198	29,112
Total	\$565,199	\$509,741	\$55,458

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,177	\$61,199	(\$42,978)
Special Revenue	688,450	622,770	(65,680)
Total	\$792,627	\$683,969	(\$108,658)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,121	\$68,848	\$47,273
Special Revenue	834,057	694,058	139,999
Total	\$950,178	\$762,906	\$187,272

**FAMILY AND CHILDREN FIRST COUNCIL
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004 AND 2003
(Continued)**

4. RETIREMENT SYSTEMS

Council employees belong to the School Employees Retirement System of Ohio ("SERS"). SERS 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.

SERS members contributed 9% of their gross salaries during 2004 and 2003. The Council contributed an amount equal to 14% of participants' gross salaries. The Council has paid all contributions required through June 30, 2004.

5. CONTINGENT LIABILITIES

The Council received 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 are 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, 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 June 30, 2004 and 2003.

6. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- 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
Logan County
P.O. Box 710
1973 St. Rt. 47 W
Bellefontaine, Ohio 43311

To the Members of Council:

We have audited the financial statements of the Logan County Family and Children First Council (the "Council"), as of and for the fiscal years ended June 30, 2004 and 2003, and have issued our report thereon dated August 22, 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 August 22, 2005, we reported an other 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 that are required to be reported under *Government Auditing Standards*.

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
Logan 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 the audit committee, management, and the Members of Council. It is not intended to be and should not be used by 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

August 22, 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

LOGAN 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 20, 2005**