



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Auglaize County  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

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

June 8, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Auglaize County  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Auglaize 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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, Auglaize 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 June 8, 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

June 8, 2005



**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

	<u>Governmental Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$18,800	\$165,673	\$184,473
Other Revenue	1,547	181	1,728
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,347	165,854	186,201
<b>Cash Disbursements:</b>			
Current:			
Contract Services	1,184	40,108	41,292
Supplies	923	3,925	4,848
Travel/Training	1,518	5,934	7,452
Salary & Benefits	23,785	126,546	150,331
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	27,410	176,513	203,923
Total Receipts Over/(Under) Disbursements	(7,063)	(10,659)	(17,722)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	58,425	76,591	135,016
<b>Fund Cash Balances, December 31</b>	<b><u>\$51,362</u></b>	<b><u>\$65,932</u></b>	<b><u>\$117,294</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

	<u>Governmental Funds</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$36,028	\$358,891	\$394,919
Other Revenue	5,162	33	5,195
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,190	358,924	400,114
<b>Cash Disbursements:</b>			
Current:			
Contract Services	7,569	181,367	188,936
Supplies	664	1,852	2,516
Travel/Training	1,201	4,930	6,131
Salary & Benefits	23,173	144,333	167,506
Miscellaneous	935	1,429	2,364
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	33,542	333,911	367,453
Total Receipts Over/(Under) Disbursements	7,648	25,013	32,661
Fund Cash Balances, January 1	50,777	51,578	102,355
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$58,425</u></b>	<b><u>\$76,591</u></b>	<b><u>\$135,016</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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 Alcohol, Drug Addiction and Mental Health Services 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 Family and Children First Council will include as members any agency, school system, or other interested party serving Auglaize 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Cash**

The Auglaize County Auditor acts as fiscal agent for the Council and the Auglaize 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 Funds:

**Family Stability Incentive Fund** - The Family Stability Incentive Fund is administered by the Ohio Department of Mental Health in collaboration with the Ohio Department of Jobs and Family Services. The funding comes from the Promoting Safe and Stable Families Program (Title IV-B, Part 2) and matching state funds. Each county designs strategies to stabilize families in crisis and provide alternatives to removing children from their homes based on local needs and existing resources. Services include financial assistance, family support, crisis counseling, and respite care for youth served by all the family serving systems. Funding for this grant was discontinued with the year 2003.

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**Wellness Block Grant Indicator I and Indicator II** - The Wellness Block Grant is administered by the Ohio Family and Children First Initiative in collaboration with the Ohio Children's Trust Fund. It represents Ohio's response to providing an opportunity for county partners to shape their own programmatic efforts and customize strategies to meet local challenges. The goal of the wellness initiative is to focus funding on prevention efforts in order to get ahead of problems that have far-reaching and lasting consequences. For Indicator I the focus is on teen pregnancy prevention, while for Indicator II the focus is on child abuse and neglect prevention.

**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 Auglaize 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 Auglaize County Board of Health has 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.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Auglaize County Auditor acts as fiscal agent and the Auglaize 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:

	<b>2004</b>	<b>2003</b>
County Treasury	<u>\$117,294</u>	<u>\$135,016</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**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 percent of their gross salaries, and the Council contributes an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.



**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  
Auglaize County  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Auglaize County, (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 8, 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 in order 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 June 8, 2005, we reported other 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*.

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

June 8, 2005





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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800-282-0370  
Facsimile 614-466-4490

**FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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  
JULY 7, 2005**