

**BUTLER COUNTY FAMILY AND
CHILDREN FIRST COUNCIL**

Financial Statements

Year Ended June 30, 2005

With

Independent Auditors' Report



**Auditor of State
Betty Montgomery**

Members of Council
Butler County Family and Children First Council
1910 Fairgrove Avenue, Suite B
Hamilton, Ohio 45011

We have reviewed the *Independent Auditors' Report* of the Butler County Family and Children First Council prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Butler County Family and Children First Council is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

January 24, 2006

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BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Members of the Butler County
Family and Children First Council:

We have audited the accompanying financial statements of the Butler County Family and Children First Council (the Council) as of and for the year ended June 30, 2005. 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 *Governmental 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 discussed in Note 1, the Council has prepared its 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above 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, 2005, or its 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 Council as of June 30, 2005, and its combined cash receipts and disbursements for the year ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2005 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of management, the Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 28, 2005

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Combined Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances - All Governmental Funds
Year Ended June 30, 2005

	General	Special Revenue	Totals (Memorandum Only)
Cash receipts:			
Intergovernmental - local	\$ 121,000	1,722,686	1,843,686
Intergovernmental - state	26,133	952,552	978,685
Miscellaneous	18,578	200,596	219,174
Total cash receipts	165,711	2,875,834	3,041,545
Cash disbursements:			
Salaries and benefits	96,552	212,472	309,024
Contractual services	48,527	2,460,562	2,509,089
Supplies and materials	262	25,253	25,515
Equipment	189	8,376	8,565
Other	125	138,345	138,470
Total cash disbursements	145,655	2,845,008	2,990,663
Total cash receipts under cash disbursements	20,056	30,826	50,882
Other financing receipts (disbursements)			
Advances-in	29,042	81,228	110,270
Advances-out	(29,042)	(81,228)	(110,270)
Transfers-in	-	304,867	304,867
Transfers-out	(74,201)	(230,666)	(304,867)
Total other financing receipts/(disbursements)	(74,201)	74,201	-
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	(54,145)	105,027	50,882
Fund cash balance, beginning of year	106,843	305,493	412,336
Fund cash balance, end of year	\$ 52,698	410,520	463,218

See accompanying notes to the financial statements.

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Notes to the Financial Statements
Year Ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting 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:

- 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 district 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 section 5153.15 of the Revised Code;
- 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 district 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 districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- 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 section 3301.31 of the Revised Code;

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Financial Statements

Year Ended June 30, 2005

- 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 percent 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.

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 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, 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.

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

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Financial Statements

Year Ended June 30, 2005

Council Membership

The County's Council membership included Children's Services, Board of Alcohol and Drug Addiction Services, Board of Mental Health, Board of Mental Retardation and Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job and Family Services, family representatives, and the educational community. The purpose of the Family and Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Director has been hired to administer all the Family and Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from a Collaborative Fee agreement derived from the agencies in the County. A Cluster Coordinator has been hired to facilitate the service coordination of families and children served by multiple systems. The salary of this employee is paid from the State Administrative grant received by the Council and from the Collaborative Fee agreement.

Administrative Council

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

B. Basis of Presentation

This financial statement follows 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.

C. Fund Accounting

The Council used fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

General Fund - The general fund is the general operating fund of the Council, and it consists of Council managed funds, such as the Pooled Fund, and a Youth Diversion Fund. The general fund is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds – These funds were used to account for proceeds from specific sources.

BUTLER COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Notes to the Financial Statements

Year Ended June 30, 2005

D. Fiscal Agent

The Council designated the Butler County Educational Service Center (ESC) as their fiscal agent for all funds received in the name of the Council. The ESC maintains Council funds in the Center's cash pool as an agency fund separating grants by special cost center.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the Butler County Auditor and the ESC.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statement.

2. EQUITY IN POOLED CASH

The Council's cash pool is maintained by the ESC. The Ohio Revised Code prescribes allowable deposits and investments, and the ESC is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the ESC at June 30, 2005 was \$463,218.

3. RETIREMENT SYSTEM

The Council contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Columbus, Ohio 43215.

Plan members are required to contribute 10% of their annual covered salary and the Council District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board.

4. RISK MANAGEMENT

The Council is covered under the Butler County Educational Service Center's insurance policy.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of the Butler County
Family and Children First Council:

We have audited the financial statements of Butler County Family and Children First Council (the Council) as of and for the year ended June 30, 2005 and have issued our report thereon dated October 28, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Council, and is not intended to be and should not be used by anyone other than those specified parties.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
October 28, 2005



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

BUTLER 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
FEBRUARY 9, 2006**