



**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SUMMIT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2004**



**Auditor of State  
Betty Montgomery**



**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SUMMIT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets .....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Funds.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance	
Budget (Non-GAAP Basis) and Actual	
General Fund .....	16
Early Start GRF Fund.....	17
Early Start TANF Fund.....	18
Early Intervention Fund .....	19
Cluster Fund.....	20
Notes to the Basic Financial Statements .....	21
Federal Awards Receipts and Expenditures Schedule.....	35
Notes to the Federal Awards Receipts and Expenditures Schedule .....	36
Independent Accountants' Report on Internal Control Over	
Financial Reporting and on Compliance and Other Matters	
Required by <i>Government Auditing Standards</i> .....	37
Independent Accountants' Report on Compliance with Requirements	
Applicable to Its Major Federal Program and on Internal Control Over	
Compliance in Accordance with OMB Circular A-133 .....	39
Schedule of Findings.....	41

**This page intentionally left blank.**



# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

Summit County Family and Children First Council  
Summit County  
1100 Graham Road Circle  
Stow, Ohio 44224

To the Executive Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Family and Children First Council, Summit County, Ohio, (the Council) as of and for the year ended December 31, 2004, which collectively comprise the Council's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Summit County Family and Children First Council, Summit County, Ohio, as of December 31, 2004, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General, Early Start GRF, Early Start TANF, Early Intervention, and Cluster Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2E, during the year ended December 31, 2004, the Council implemented the generally accepted accounting principles method of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Council's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 28, 2005

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED DECEMBER 31, 2004 UNAUDITED

*Management's Discussion and Analysis (MD&A)* provides the reader with a narrative overview and analysis of the Summit County Family and Children First Council's financial activities for the fiscal year ended December 31, 2004. The MD&A should be read in conjunction with the Council's financial statements, which begin on page 9 and the accompanying notes to financial statements, which begin on page 20.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended December 31, 2004 are as follows:

- The assets of the Summit County Family and Children First Council exceeded its liabilities at the close of the year ended December 31, 2004, by \$43,610 (net assets). This entire amount may be used to meet the Council's ongoing obligations.
- The Council's net assets decreased by \$159,411 from 2003.
- For governmental activities, general revenue accounted for \$20,895 in revenues or 1% of all revenues. Program specific revenues in the form of grants and contributions accounted for \$3,338,225 or 99 % of total revenues of \$3,359,120.
- The Council had \$3,518,531 in expenses related to program (governmental) activities; only \$3,338,225 of these expenses were offset by program specific grants and contributions. General revenues (provided through a state administrative grant) totaling \$20,895 and the net assets on hand at the beginning of the year totaling \$203,021 were adequate to provide for these programs.
- Expenditures exceeded revenues in three of the council's five major funds. Revenues exceeded expenditures in the Cluster and TANF funds.
- All of the Council's major and non-major funds, with the exception of Cluster fund, operate on a July-June fiscal year.
- At December 31, 2004, unreserved fund balance of the General Fund was \$30,408.
- The Council's long term obligations in the form of compensated absences increased \$1,395 in 2004 with the addition of one staff person.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the Council as a whole and present a longer-term view of the Council's finances. Fund Financial statements start on page 11. These statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Council's operation in more detail than the government-wide statements by providing information about the Council's most significant funds with all other non-major funds presented in one column.

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

### REPORTING ON THE COUNCIL AS A WHOLE

The analysis of the Council as a whole begins on page 9. One of the most important questions asked about the Council's finances is, "How did we do financially this year?" The Statement of Net Assets and the Statement of Activities report information about the Council as a whole and about its activities in a way that helps answer this question. These statements include all assets and all liabilities using the accrual method of accounting similar to the accounting used by most private sector companies. This method of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Council's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Council as a whole, the financial position has improved or diminished. The causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the discrepancy between fiscal years, delays in contract approval, labor negotiations and other factors.

All of the Council's activities are classified as governmental activities as they do not involve charging for goods or services to recover costs (such as with business type activities) and are funded completely through intergovernmental revenues, including state and federal grants and other shared revenue.

The Statement of Net Assets and Statement of Activities can be found on pages 9 and 10 of this report.

### FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fund financial reports provide detailed information about the Council's major funds. The Council uses many funds to account for a multitude of transactions. However, these fund financial statements focus on the Council's most significant funds, not on the Council as a whole. The Council's major funds are: the General Fund; Early Start GRF Fund; Early Start Temporary Assistance for Needy Families Fund; Early Intervention Fund; and the Cluster Fund.

**Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on events that produce near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is useful in evaluating near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near term financing decisions. Reconciliation statements, on pages 12 and 14, facilitate this comparison between governmental funds and governmental activities.

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

The Council maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 11-19 of this report.

The Council adopts an annual appropriated budget for each of its funds. Budgetary comparison statements have been provided for annually budgeted major funds.

**Notes to Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to financial statements begin on page 20 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. The table below provides a summary of the Council's net assets for 2004 compared to 2003 on a full accrual basis:

**Table 1**

#### Net Assets

	<b>Governmental Activities</b>	
	<b><u>2004</u></b>	<b><u>2003</u></b>
<b>Assets</b>		
Current and Other Assets	\$ 610,586	\$ 791,093
Capital Assets	-	-
<b>Total Assets</b>	<b><u>610,586</u></b>	<b><u>791,093</u></b>
<b>Liabilities</b>		
Long-Term Liabilities	24,476	23,082
Other Liabilities	<u>542,500</u>	<u>564,990</u>
<b>Total Liabilities</b>	<b><u>566,976</u></b>	<b><u>588,072</u></b>
<b>Net Assets</b>		
Restricted for:		
Grant Purposes	15,180	163,308
Unrestricted	<u>28,430</u>	<u>39,713</u>
<b>Total Net Assets</b>	<b><u>\$ 43,610</u></b>	<b><u>\$ 203,021</u></b>

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
UNAUDITED**

Table 2 reflects the changes in net assets in 2004. Since the Council did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2**

**Changes in Net Assets**

	<u>Governmental Activities 2004</u>
Receipts:	
Program Receipts	
Operating Grants and Contributions	\$3,338,225
General Receipts	
Administrative/Intergovernmental	<u>20,895</u>
Total Receipts	<u>3,359,120</u>
Program Expenses:	
Public Health Services	<u>3,518,531</u>
Total Program Expenses	<u>3,518,531</u>
Decrease in Net Assets	(159,411)
Net Assets January 1, 2004	<u>203,021</u>
Net Assets December 31, 2004	<u><u>\$43,610</u></u>

The Council's assets exceeded liabilities by \$43,610 at the close of the most recent year. Despite this, the Council's financial position deteriorated somewhat with an overall decrease in net assets of \$159,411 from the previous year. This decrease can be explained in part by the discrepancy in fiscal years between the Council and its administrative agent. The state and federal grants maintained by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council's financial statements reflect a December 31 year end. Timing of reimbursement and contract delays also have an impact.

**GOVERNMENTAL ACTIVITIES**

As stated previously, the Council had \$3,518,531 in expenses related to program activities. Of these expenses, only \$3,338,225 were offset by program specific grants and contributions. General revenues (provided through a state administrative grant) totaling \$20,895 and net assets on hand at the beginning of the year totaling \$203,021 were adequate to cover expenses. However, the result was an overall decrease in net assets of \$159,411 from 2003.

State and Federal grant funds accounted for \$2.42 million of the \$3.4 million total revenue for governmental activities or 72 % of total revenue.

# **SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED**

### **FINANCIAL ANALYSIS OF THE FUNDS**

As discussed previously, the Council uses fund accounting to ensure and demonstrate compliance with finance related and legal requirements.

As of December 31, 2004, the Council's governmental funds reported combined ending balances of \$52,715, an increase of \$353,913 in comparison with the prior year. This total amount constitutes unreserved fund balance, which is available for appropriation at the Council's discretion with certain legal constraints and purpose restrictions.

The General Fund is the chief operating fund of the Council. The fund balance of the General Fund decreased \$11,108 during 2004 to \$30,408. This decrease is due primarily to the increased use of General Fund revenue to offset revenue shortfalls in other areas.

The Early Start GRF Fund balance decreased by \$11,490. This decrease is related to timing of expenditures and reimbursements.

The Early Start Temporary Assistance to Needy Families (TANF) Fund balance increased by \$328,280. Delays in contract approval through the County of Summit Council in the prior year favorably impacted the current year.

The Early Intervention Fund balance decreased by \$143,914 due largely to a delay in the processing of final grant payments at the State level for grant fiscal year 2003 which ended in June of 2004.

The Cluster Fund balance increased by \$195,098. A labor strike affecting one of the Cluster agencies late in 2003 resulted in a significant delay in Cluster fund reimbursements which negatively impacted 2003 and favorably impacted 2004.

### **GENERAL BUDGETARY HIGHLIGHTS**

The Council's budget process is prescribed by Ohio Revised Code. Essentially the budget is the sum of the Council's appropriations which are based on available resources. Typically, revenue estimates change throughout the year as additional sources of revenue may become available. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly. Uncertain timing of reimbursements also accounts for changes between original, final and actual budget amounts for the Council's funds. As mentioned previously, the Council is funded mainly through state and federal grants, including a State administrative grant which constitutes the Council's General Fund. Although, total grant amounts for various programs are known, the timing of reimbursement is often unknown. This fact coupled with the difficulties presented in managing funds which operate on different fiscal years makes calendar year revenue estimates prone to inaccuracies. For display purposes, the original budgets presented on Budgetary Fund Statements include a full year of resources. It should be noted, however, that only a portion of these resources may be available for appropriation January 1<sup>st</sup>. Remaining resources become available July 1<sup>st</sup> as this is when the new fiscal year commences for the majority of the Council's funds.

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## MANAGEMENT'S DISCUSSION AND ANALYSIS UNAUDITED

### CAPITAL ASSETS AND LONG TERM OBLIGATIONS

**Capital Assets:** The Council does not have capital or infrastructure assets. Those capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District (Council's Administrative Agent), the State of Ohio or other grantor.

**Long Term Obligations:** The Council's long-term obligations consist solely of compensated absences. Long term obligations increased slightly during 2004 with the addition of a new staff person. Additional information on compensated absences is provided in *Note 10* of the *Notes to Financial Statement*.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The state and federal grants managed by the Council are subject to budget cuts and annual fluctuation.

Increases in the employer share of employee retirement system contributions, health care and travel costs are anticipated.

All of these factors are considered when preparing the Council's annual budget.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Council's finances for all those with interest in its finances and to show the Council's accountability for the money that it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Summit County Health District Fiscal Office, 1100 Graham Road Circle, Stow, Ohio 44224.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF NET ASSETS  
DECEMBER 31, 2004

	<u>Governmental Activities</u>
<b><u>Assets</u></b>	
Equity in Pooled Cash, Cash Equivalents	\$ -
Intergovernmental Receivable	610,586
	<hr/>
Total Assets	610,586
	<hr/>
<b><u>Liabilities</u></b>	
Accounts Payable	375,305
Accrued Wages and Benefits	10,537
Fiscal Agent Payable	156,658
Long-term Liabilities:	
Due Within One Year	14,033
Due In More Than One Year	10,443
	<hr/>
Total Liabilities	566,976
	<hr/>
<b><u>Net Assets</u></b>	
Restricted for:	
Grant purposes	15,180
Unrestricted	28,430
	<hr/>
Total Net Assets	\$ 43,610
	<hr/> <hr/>

See notes to basic financial statements.



**This page intentionally left blank.**

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	General Fund	Early Start GRF	Early Start TANF	Early Intervention	Cluster	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Equity in Pooled Cash, Cash Equivalents	\$ 32,048	\$ 43,382	\$ (149,534)	\$ 56,084	\$ 15,558	\$ 2,462	\$ -
Intergovernmental Receivable	-	-	466,540	-	124,851	19,195	610,586
<b>Total Assets</b>	<b>\$ 32,048</b>	<b>\$ 43,382</b>	<b>\$ 317,006</b>	<b>\$ 56,084</b>	<b>\$ 140,409</b>	<b>\$ 21,657</b>	<b>\$ 610,586</b>
<u>Liabilities and Fund Balances</u>							
<u>Liabilities:</u>							
Accounts Payable	\$ 1,347	\$ 32,605	\$ 190,830	\$ 35,085	\$ 101,342	\$ 14,096	\$ 375,305
Fiscal Agent Payable	-	-	156,658	-	-	-	156,658
Accrued Wages and Benefits	293	374	3,838	1,307	2,598	2,127	10,537
Deferred Revenue	-	-	-	-	6,984	8,387	15,371
<b>Total Liabilities</b>	<b>1,640</b>	<b>32,979</b>	<b>351,326</b>	<b>36,392</b>	<b>110,924</b>	<b>24,610</b>	<b>557,871</b>
<u>Fund Balances</u>							
Unreserved:							
General	30,408	-	-	-	-	-	30,408
Special Revenue	-	10,403	(34,320)	19,692	29,485	(2,953)	22,307
<b>Total Fund Balances</b>	<b>30,408</b>	<b>10,403</b>	<b>(34,320)</b>	<b>19,692</b>	<b>29,485</b>	<b>(2,953)</b>	<b>52,715</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 32,048</b>	<b>\$ 43,382</b>	<b>\$ 317,006</b>	<b>\$ 56,084</b>	<b>\$ 140,409</b>	<b>\$ 21,657</b>	<b>\$ 610,586</b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2004**

<b>Total Governmental Fund Balances</b>	<b>\$ 52,715</b>
<b>Amounts reported for governmental activities in the statement of net assets are different because:</b>	
<b>Long-term assets are not available to pay for current-period expenditures and are therefore deferred in the funds:</b>	
Cluster Reimbursements	6,984
Grant Reimbursements	8,387
	<hr/> 15,371
<b>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:</b>	
Compensated Absences- Due in One Year	(14,033)
Compensated Absences- Due in More Than One Year	(10,443)
	<hr/> (24,476)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 43,610</u></b>

See notes to basic financial statements.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	General Fund	Early Start GRF	Early Start TANF	Early Intervention	Cluster	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>							
Intergovernmental	\$ 20,779	\$ 374,588	\$ 1,972,915	\$ 349,770	\$ 1,077,497	\$ 75,219	\$ 3,870,768
Miscellaneous Receipts	116	-	27	-	140	-	283
<b>Total Revenues</b>	<b>20,895</b>	<b>374,588</b>	<b>1,972,942</b>	<b>349,770</b>	<b>1,077,637</b>	<b>75,219</b>	<b>3,871,051</b>
<u>Expenditures</u>							
Public health services	32,003	386,078	1,644,662	493,684	882,539	78,172	3,517,138
<b>Excess of Revenues Over/Under Expenditures</b>	<b>(11,108)</b>	<b>(11,490)</b>	<b>328,280</b>	<b>(143,914)</b>	<b>195,098</b>	<b>(2,953)</b>	<b>353,913</b>
<b>Fund Balance Beginning of Year</b>	<b>41,516</b>	<b>21,893</b>	<b>(362,600)</b>	<b>163,606</b>	<b>(165,613)</b>	<b>-</b>	<b>(301,198)</b>
<b>Fund Balance End of Year</b>	<b>\$ 30,408</b>	<b>\$ 10,403</b>	<b>\$ (34,320)</b>	<b>\$ 19,692</b>	<b>\$ 29,485</b>	<b>\$ (2,953)</b>	<b>\$ 52,715</b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>Net Change in Fund Balance - Total Governmental Funds</b>	<b>\$ 353,913</b>
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
<b>Revenues in the statement of activities that do not provide for current financial resources are not reported as revenues in the funds:</b>	
Cluster Reimbursements	(158,629)
Grant Reimbursements	(353,301)
	<u>(511,930)</u>
<b>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</b>	
Compensated Absences-Due In One Year	663
Compensated Absences- Due In More Than One Year	(2,057)
	<u>(1,394)</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u><u>\$ (159,411)</u></u></b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 21,999	\$ 21,999	\$ 20,779	\$ (1,220)
Other	-	-	116	116
<b>Total Revenues</b>	<b>21,999</b>	<b>21,999</b>	<b>20,895</b>	<b>(1,104)</b>
<b>Expenditures:</b>				
Personnel	23,058	18,476	18,422	54
Supplies	2,839	2,499	1,672	827
Travel	979	1,000	95	905
Contract Services	3,675	15,231	11,247	3,984
Administrative Expenses	32,038	16,342	-	16,342
Other	1,999	11,040	-	11,040
<b>Total Expenditures</b>	<b>64,588</b>	<b>64,588</b>	<b>31,436</b>	<b>33,152</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(42,589)</b>	<b>(42,589)</b>	<b>(10,541)</b>	<b>32,048</b>
<b>Fund Balances at Beginning of Year</b>	<b>42,589</b>	<b>42,589</b>	<b>42,589</b>	<b>-</b>
<b>Fund Balances at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,048</b>	<b>\$ 32,048</b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**EARLY START GRF FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental</b>	\$ 383,914	\$ 383,914	\$ 374,587	\$ (9,327)
<b>Total Revenues</b>	<b>383,914</b>	<b>383,914</b>	<b>374,587</b>	<b>(9,327)</b>
<b>Expenditures:</b>				
<b>Personnel</b>	29,109	28,485	25,384	3,101
<b>Supplies</b>	1,900	937	5	932
<b>Travel</b>	2,851	425	72	353
<b>Contract Services</b>	414,163	421,077	375,790	45,287
<b>Administrative Expenses</b>	4,375	4,300	4,300	-
<b>Other</b>	6,504	3,678	642	3,036
<b>Total Expenditures</b>	<b>458,902</b>	<b>458,902</b>	<b>406,193</b>	<b>52,709</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(74,988)</b>	<b>(74,988)</b>	<b>(31,606)</b>	<b>43,382</b>
<b>Fund Balances at Beginning of Year</b>	<b>74,988</b>	<b>74,988</b>	<b>74,988</b>	<b>-</b>
<b>Fund Balances at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 43,382</b>	<b>\$ 43,382</b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**EARLY START TANF FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental</b>	\$ 2,117,374	\$ 2,117,374	\$ 1,506,402	\$ (610,972)
<b>Total Revenues</b>	2,117,374	2,117,374	1,506,402	(610,972)
<b>Expenditures:</b>				
<b>Personnel</b>	127,417	123,042	121,029	2,013
<b>Supplies</b>	9,089	10,966	9,347	1,619
<b>Travel</b>	3,345	2,190	1,986	204
<b>Contract Services</b>	1,817,430	1,814,494	1,516,766	297,728
<b>Administrative Expenses</b>	19,615	19,944	19,944	-
<b>Other</b>	7,858	14,118	10,902	3,216
<b>Total Expenditures</b>	1,984,754	1,984,754	1,679,974	304,780
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	132,620	132,620	(173,572)	(306,192)
<b>Fund Balances at Beginning of Year</b>	(132,620)	(132,620)	(132,620)	-
<b>Fund Balances at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (306,192)</u>	<u>\$ (306,192)</u>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**EARLY INTERVENTION FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental</b>	\$ 350,887	\$ 350,887	\$ 349,770	\$ (1,117)
<b>Total Revenues</b>	<b>350,887</b>	<b>350,887</b>	<b>349,770</b>	<b>(1,117)</b>
<b>Expenditures:</b>				
<b>Personnel</b>	48,453	52,617	47,465	5,152
<b>Supplies</b>	3,703	4,245	3,889	356
<b>Travel</b>	751	851	701	150
<b>Contract Services</b>	442,490	440,198	392,211	47,987
<b>Administrative Expenses</b>	3,624	3,671	3,671	-
<b>Other</b>	51,686	49,125	45,568	3,557
<b>Total Expenditures</b>	<b>550,707</b>	<b>550,707</b>	<b>493,505</b>	<b>57,202</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(199,820)</b>	<b>(199,820)</b>	<b>(143,735)</b>	<b>56,085</b>
<b>Fund Balances at Beginning of Year</b>	<b>199,820</b>	<b>199,820</b>	<b>199,820</b>	<b>-</b>
<b>Fund Balances at End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,085</b>	<b>\$ 56,085</b>

See notes to basic financial statements.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL**  
**CLUSTER FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>Intergovernmental</b>	\$ 1,675,821	\$ 1,675,821	\$ 1,063,506	\$ (612,315)
<b>Total Revenues</b>	1,675,821	1,675,821	1,063,506	(612,315)
<b>Expenditures:</b>				
<b>Personnel</b>	108,619	108,619	86,250	22,369
<b>Supplies</b>	1,000	1,000	613	387
<b>Travel</b>	5,200	5,200	2,969	2,231
<b>Contract Services</b>	1,456,041	1,456,041	905,981	550,060
<b>Other</b>	58,000	58,000	5,174	52,826
<b>Total Expenditures</b>	1,628,860	1,628,860	1,000,987	627,873
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	46,961	46,961	62,519	15,558
<b>Fund Balances at Beginning of Year</b>	(46,961)	(46,961)	(46,961)	-
<b>Fund Balances at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,558</u>	<u>\$ 15,558</u>

See notes to basic financial statements.

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004

### 1. DESCRIPTION OF REPORTING ENTITY

The Ohio Revised 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 family and children executive 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 Ohio revised 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 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 council, 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 Revised 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"; and
- n. At least three individuals representing the interests of the families of the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

In addition, 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's statutory responsibilities include the following:

- a. Refer to the State cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the State 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;

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004 (Continued)

### 1. DESCRIPTION OF REPORTING ENTITY (Continued)

- d. Participate in development of a county-wide, 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 the 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; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Summit County Family and Children First Council (Council) also participates with a standing committee referred to as the Cluster for Youth (SCY). The Council cooperates with other state and local agencies for the common purpose to provide youth serving agencies in Summit County with the capacity to jointly resolve problems associated with the delivery of services to youth who exhibit more than one emotional, physical, or developmental difficulty and thus require the services of more than one system.

The SCY executive committee consists of the Chief Executive Officers of the funding agencies which are Summit County Children Services Board, Summit County Juvenile Court, County of Summit Board of MRDD, and Child Guidance Centers (private not-for-profit). Each member has one vote and a consensus is to be sought on all issues. The funding agencies retain responsibility of the cluster fund with oversight by the Family and Children First Executive Council.

On an annual basis, each of the four funding agencies signs an agreement with the Council to pay an amount to fund the Special Revenue Cluster Fund. In addition, each funding agency agrees to pay other costs as approved by the SCY Executive Council on a child-by-child basis. The child cost agreements are signed by the head of the respective agency and the Director of the Council.

A reporting entity is comprised of a primary government, component unit and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Council consists of funds that are not legally separate from the Council. For the Summit County Family and Children First Council, this includes the General Fund, Early Start GRF Fund, Early Start Temporary Assistance for Needy Families Fund, Early Intervention Fund, Cluster Fund and other non-major funds that are directly operated by the Council.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the component unit's board and 1) the Council is able to significantly influence programs or services performed or provided by the organization; or 2) the Council is legally entitled to or can otherwise access the organizations resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. The Council has no component units.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIS OF PRESENTATION**

The financial statements of the Council have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

The Council's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements – The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. The Council had no business-type activities during the year ended December 31, 2004.

The statement of net assets presents the financial condition of the governmental activities of FCFC at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Council.

Fund Financial Statements – During the year, the Council segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Council's major funds for the year ended December 31, 2004 are: the General Fund, Early Start GRF Fund, Early Start Temporary Assistance for Needy Families (TANF) Fund, Early Intervention Fund, and the Cluster Fund.

**B. FUND ACCOUNTING**

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equity or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Council uses the following fund types:

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

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

**B. FUND ACCOUNTING (Continued)**

Governmental Funds:

Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the Council's Governmental Fund Types:

*General Fund:* This fund accounts for the general operating revenues and expenditures of the Council not specifically required to be recorded elsewhere. Revenue sources consist of a State administrative grant and other intergovernmental revenues.

*Special Revenue Funds:* These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following major Special Revenue Funds:

*Early Start GRF Fund* – This fund receives grants monies to provide services to families and children.

*Early Start Temporary Assistance for Needy Families (TANF) Fund* – This fund receives grant monies to provide services to children ages 0-3 years old.

*Early Intervention Fund* – This fund receives federal grant money for the purpose of providing services to families with young children who have disabilities from birth to 3 years of age.

*Cluster Fund* – This fund receives local monies from members of the Cluster for the purpose of providing coordinated services and financial support in addressing the clinical needs of troubled youth.

**C. MEASUREMENT FOCUS**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Council are included on the statement of net assets.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

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

**C. MEASUREMENT FOCUS**

Fund Financial Statements

All government funds are accounted for using the flow of current resources measurement focus. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. BASIS OF ACCOUNTING**

Beginning in 2004, The Council implemented GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis (MD&A)-for State and Local Governments", and GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting on the Council's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which use the modified accrual basis of accounting and present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

GASB Statement No. 37 clarifies certain provisions of GASB Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds.

Revenues - Revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The availability period used for recognition of revenue is sixty days.

Revenue sources that are considered to be both measurable and available at year end are grant revenues and Cluster fund reimbursements due from other governments.

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

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

**D. BASIS OF ACCOUNTING (Continued)**

Expenditures / Expenses - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in the net financial resources (expenditures) rather than on expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**E. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY**

For the year ended December 31, 2004, the Council has for the first time presented financial statements in accordance with generally accepted accounting principles. In conjunction with this presentation, the Council has changed its basis of accounting from a cash basis to the accrual basis of accounting for its governmental funds and activities in accordance with GASB Statement No. 34, "Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”. This change required that certain adjustments be recorded to the December 31, 2003, fund balances as previously reported on a cash basis to reflect adopting these new accounting principles.

The implementation of these changes had the following effects on fund balances of the major funds and non-major funds of the Council as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General Fund	Early Start GRF	Early Start TANF	Early Intervention	Cluster	Other Governmental Funds	Total Governmental Funds
Cash Balances, December 31, 2003	42,589	74,988	(132,620)	199,820	(46,960)	(28,011)	109,806
Adjustments	(1,073)	(53,095)	(229,980)	(36,214)	(118,653)	28,011	(411,004)
Restated Fund Balance December 31, 2003	<u>41,516</u>	<u>21,893</u>	<u>(362,600)</u>	<u>163,606</u>	<u>(165,613)</u>	<u>-</u>	<u>(301,198)</u>
GASB 34 Adjustments							
Deferred Revenue							527,301
Compensated Absences due within 1 year							(14,696)
Compensated absences due >1 year							<u>(8,386)</u>
Governmental Activities Net Assets, December 31, 2003							<u>203,021</u>

**F. BUDGETARY DATA**

The Council is required by Ohio Revised Code to file an annual budget with its administrative agent, the Summit County Fiscal Officer, and the County of Summit Council. The Council estimates revenues and expenditures for the year and submits these estimates to each of the required parties, as well as, any changes made to these estimates during the year.

# SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2004 (Continued)

### **F. BUDGETARY DATA (Continued)**

For display purposes, the original budgets presented on Budgetary Fund Statements include a full year of resources. It should be noted, however, that only a portion of these resources may be available for appropriation January 1<sup>st</sup>. Remaining resources become available July 1<sup>st</sup> as this is when the new fiscal year commences for the majority of the Council's funds.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the County Fiscal Officer to the Agency Funds of the Summit County Treasury which have been created for the purpose of accounting for Council revenues and expenses.

### **G. CAPITAL ASSETS AND DEPRECIATION**

Capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District, Ohio Department of Health or other grantor and are therefore not reported as capital assets of the Council.

### **H. COMPENSATED ABSENCES**

Vacation and compensatory time benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Council's past experience in making termination payments.

The entire compensated absence liability is recorded on the government-wide financial statements. For governmental funds, a liability is recorded for accumulated, unused, vacation when earned for all employees with more than one year of service. A liability is recorded for employees who are currently eligible to receive termination benefits and those the Council has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the Council's termination policy. The Council records a liability for accumulated unused sick leave for employees after one year of service with the Council.

### **I. ACCRUED LIABILITIES AND LONG TERM OBLIGATIONS**

Payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, Council payables and accrued liabilities, once incurred are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**J. FUND BALANCE RESERVES**

Reserved fund balances indicate that a portion of the fund equity is not available for current appropriation or use or is legally segregated for a specific future use. The unreserved portions of the fund equity are available for use within the specific purpose of the funds.

**K. NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use through external restriction imposed by creditors, grantors or laws or regulations of other governments.

**L. INTERFUND ACTIVITY**

During the normal course of operations, the Council has numerous transactions between funds. These transactions are primarily operating transfers, which represent transfers of resources from a fund receiving revenue to a fund through which those resources will be expended. Operating transfers are recorded as other financing transfers in (out). The Council has no transfers.

**M. FISCAL AND ADMINISTRATIVE AGENT**

The Summit County Health District serves as both the fiscal and administrative agent for the Council.

**N. FISCAL YEAR**

The Council's financial statements are prepared based on a fiscal year that commences January 1 and terminates December 31 to conform with the fiscal year of its administrative and fiscal agent.

**O. ESTIMATES**

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**3. NEGATIVE FUND BALANCE**

State and federal grants maintained by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council's financial statements reflect a December 31 year end. As a result, the Council's financial statements reflect a negative fund balance due to the timing of reimbursement of the state and federal grants in the Early Start Temporary Assistance to Needy Families Fund and the Wellness Fund which is included in Other Governmental Funds. All negative balances are covered by the Summit County Fiscal Officer until revenues are received and are presented as Fiscal Agent Payable.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The statement of Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual are presented in the basic financial statements for the General fund and Major Special Revenue Funds. The major differences for those funds between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/Expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget) rather than as a reservation of fund balance (GAAP).

The adjustments necessary to convert the results of operations for the year from the Non-GAAP Budget Basis to the GAAP Basis for the governmental funds are as follows:

Excess of Revenues Over/Under Expenditures  
General and Major Special Revenue Fund Types

	<u>General Fund</u>	<u>Early Start GRF</u>	<u>Early Start TANF</u>	<u>Early Intervention</u>	<u>Cluster</u>
<b>Non GAAP Budget Basis</b>	(10,541)	(31,606)	(173,572)	(143,735)	62,519
<b>Net Adjustment for Revenue Accruals</b>	-	-	104,851	-	(144,498)
<b>Net Adjustment for Expenditure Accruals</b>	(567)	20,116	397,001	(179)	277,077
<b>Net Adjustment for Encumbrances</b>	-	-	-	-	-
<b>Net Adjustment for Nonbudgeted Activity</b>	-	-	-	-	-
<b>GAAP Basis</b>	<u>(11,108)</u>	<u>(11,490)</u>	<u>328,280</u>	<u>(143,914)</u>	<u>195,098</u>

**5. CASH AND INVESTMENTS**

Legal Requirements:

Ohio law requires the classification of monies held by the Council as active or inactive. Active monies are public monies determined to be necessary to meet current demand upon the Council. Active monies must be maintained either as cash in the County Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**5. CASH AND INVESTMENTS (Continued)**

Monies held by the Council, which are not considered active, are classified as inactive. Inactive monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities enumerated above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Time certificates of deposit or savings or deposit accounts, including but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
6. The State Treasurer's investment pool (STAROhio);
7. No-load money market mutual funds consisting, exclusively, of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed five percent of the County's average portfolio; and
10. Bankers acceptance for a period not to exceed five percent of the County's total average portfolio.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt and must be purchased with the expectation that it will be held to maturity.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**5. CASH AND INVESTMENTS (Continued)**

Pursuant to O.R.C. 135.181, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105% of the public funds deposited.

The Summit County Fiscal Officer maintains a cash pool used by all of the County's funds, including those of the Summit County Family and Children First Council. The Council's carrying amount of cash on deposit with the County at December 31, 2004 was zero. The Summit County Fiscal Officer is responsible for maintaining adequate depository collateral for all funds in Summit County's pooled and deposit accounts and ensuring that all monies are invested in accordance with the Ohio Revised Code.

**6. RECEIVABLES**

Receivables at December 31, 2004, consisted of grant and Cluster Fund reimbursements due from other governments. Grant payments and Cluster Fund reimbursements are deemed collectible in full.

**7. DEFINED PENSION PLAN**

All Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS operates three separate pension plans: 1) Traditional Pension Plan (TP) - a cost sharing multiple employer defined benefit pension plan; 2) Member -Directed Plan (MD) - a defined plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year), under MD, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings; and 3) Combined Plan - a cost-sharing multiple-employer defined benefit plan, under CO, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan. Member contributions are self directed investments by the member, which accumulate retirement assets in a manner similar to the Member-Directed Plan. OPERS provides retirement, disability, survivors, and death benefits and annual cost of living adjustments to members of the Traditional and Combined Plans. The MD does not qualify for the ancillary benefits. The Ohio Revised Code, chapter 145 assigns the authority to establish and amend benefits to the OPERS Board of Trustees. OPERS issues a stand alone financial report, a copy of which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614 222-6705 or 1-800-222-PERS(7377).

The Ohio Revised Code provides statutory authority for member and employer contributions. The contribution rates were consistent across all three plans (TP,MD,CO). Member contribution rates are 8.5% for members other than law enforcement and public safety. The employer contribution rate is 13.55% of covered payroll. Employer contributions from the Council to OPERS for the years ended 2004, 2003 and 2002 were \$36,969; \$38,506; and \$26,835, respectively, equal to the required contributions for each year.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**8. POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

In additional to the pension benefits previously described, the Ohio Public Employees Retirement System provides post-retirement health care benefits to qualifying members of both the Traditional and Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the MD do not qualify for ancillary benefits, including post employment health care coverage. To qualify, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care. The employer contribution rate for the year 2004, for local government units was 13.55% of covered payroll, of which 4% was the portion used to fund health care for the year.

The Ohio revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS.

The entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used and asset values are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate of return for 2003 was 8.00%, which is based on the System's latest Actuarial Review performed as of December 31, 2003. An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from .50% to 6.30%. This assumes no change in the number of active employees. Health care costs were assumed to increase 4% annually.

OPEB are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings thereon. The employer contributions amounted to \$36,969 for Council employees in 2004. The portion of Council employer contributions that were used to fund post employment benefits was approximately \$13,642. \$10.5 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2003. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were 26.9 billion and 16.4 billion, respectively. At year end 2004, the number of active contributing participants in the Traditional and Combined Plans was 369,885.

**9. COMPENSATED ABSENCES**

Vacation is accumulated at varying rates ranging from two to five weeks per year depending on length of service. The amount of accumulated vacation that can be carried from year to year is limited to 175 hours. Unused vacation is payable upon termination of employment. All employees earn sick leave at the rate of 4.04 hours for each 70 hours of work completed. Sick leave credit accumulates without limit. Upon retirement, an employee may be paid for 25% of his/her accumulated sick leave credit. Sick leave is paid at a rate equal to the hourly rate at the time of retirement, and may not exceed a total of 210 paid hours. All vacation payments are made at the employee's wage rate at the time of termination.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**10. LONG TERM OBLIGATIONS**

The following is a summary of changes in long term obligations, of the Council, for the year ended December 31, 2004.

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Liabilities:					
Compensated Absences	\$23,082	\$23,708	\$22,314	\$24,477	\$14,033

**11. RISK MANAGEMENT**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004, the Summit County Health District (Council’s Administrative Agent) contracted with the Public Entities Pool of Ohio (PEP).

PEP is a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss judgment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP’s Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2004  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003.

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	(16,989,918)	(12,872,985)
Retained Earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>
<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	(544,771)	(792,061)
Retained Earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

The Council's administrative agent maintains property coverage through PEP for \$1,194,000 with a \$500 deductible. General Liability has a \$2,000,000 per occurrence limit and a \$2,500 deductible. Automobile liability has a 2,000,000 combined single limit of liability.

There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

Worker's Compensation is provided by the State. The Council pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**12. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SUMMIT COUNTY**

**FEDERAL AWARDS OF RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through Summit County Department of Jobs and Family Services</i>				
Temporary Assistance for Needy Families (Early Start Expansion)	FY04	93.558	\$1,244,916	\$1,112,296
Temporary Assistance for Needy Families (Wellness)	FY04		50,252	22,240
Temporary Assistance for Needy Families (Early Start Expansion)	FY05		261,459	567,678
Temporary Assistance for Needy Families (Wellness)	FY05		14,410	19,969
Total U.S. Department of Health and Human Services			<b><u>1,571,037</u></b>	<b><u>1,722,183</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through the Ohio Department of Health:</i>				
Special Education Grants for Infants and Families with Disabilities	FY04	84.181	111,356	311,176
Special Education Grants for Infants and Families with Disabilities	FY05		238,414	182,329
Total U.S. Department of Education			<b><u>349,770</u></b>	<b><u>493,505</u></b>
Totals			<b><u>\$1,920,807</u></b>	<b><u>\$2,215,688</u></b>

The accompanying notes to this schedule are an integral part of this schedule.

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SUMMIT COUNTY**

**NOTES OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The Federal Awards of Receipts and Expenditures Schedule (the Schedule) is a summary of the activity of the Family and Children First Council's federal award programs. The Schedule has been prepared on the cash basis of accounting.



## **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**

Summit County Family and Children First Council  
Summit County  
1100 Graham Road Circle  
Stow, Ohio 44224

To the Executive Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Family and Children First Council, Summit County, Ohio, (the Council) as of and for the year ended December 31, 2004, which collectively comprise the Council's basic financial statements and have issued our report thereon dated December 28, 2005, in which we noted the Council adopted generally accepted accounting principles. 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 December 28, 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*.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Summit County Family and Children First Council  
Summit 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, Executive Council, federal awarding agencies, and pass-through entities. 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

December 28, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Summit County Family and Children First Council  
Summit County  
1100 Graham Road Circle  
Stow, Ohio 44224

To the Executive Council:

#### Compliance

We have audited the compliance of the Summit County Family and Children First Council, Summit County, Ohio, (the Council) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2004. The summary of auditor's results section of the accompanying schedule of findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Summit County Family and Children Council complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2004.

#### Internal Control Over Compliance

The Council's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Summit County Family and Children First Council  
Summit County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We noted a matter involving the internal control over federal compliance not requiring inclusion in this report that we have reported to the Council's management in a separate letter dated December 28, 2005.

We intend this report solely for the information and use of the audit committee, management, Executive Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 28, 2005

**SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families CFDA # 93.558
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None





**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**

**SUMMIT 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  
MARCH 2, 2006**