



**Auditor of State
Betty Montgomery**

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2004	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Family & Children First Council
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

To Members of the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

October 4, 2005

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family & Children First Council
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Miami County, (the Council), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2004, or 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 and reserves for encumbrances of the Family and Children First Council, Miami County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2005, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

October 4, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$18,800	\$106,923	\$125,723
Membership Fees	10,300		10,300
Administrative Fees	16,083	93,590	109,673
Total Cash Receipts	<u>45,183</u>	<u>200,513</u>	<u>245,696</u>
Cash Disbursements:			
Salaries	47,106	104,431	151,537
Supplies	502	3,929	4,431
Equipment		4,036	4,036
Contracts - Services	7,832	140,453	148,285
Advertising and Printing	3,808	212	4,020
Travel	921	3,832	4,753
Public Employee's Retirement	5,790	13,929	19,719
Worker's Compensation	461	884	1,345
Unemployment Compensation		2,439	2,439
Other Disbursements	4,846	19,963	24,809
Total Disbursements	<u>71,266</u>	<u>294,108</u>	<u>365,374</u>
Total Receipts Over/(Under) Disbursements	<u>(26,083)</u>	<u>(93,595)</u>	<u>(119,678)</u>
Other Financing Receipts/(Disbursements):			
Refund of Prior Year Receipt		(5,500)	(5,500)
Reimbursements		5,521	5,521
Other sources		1,529	1,529
Total Other Financing Receipts		<u>1,550</u>	<u>1,550</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,083)	(92,045)	(118,128)
Fund Cash Balances, January 1	<u>56,256</u>	<u>125,945</u>	<u>182,201</u>
Fund Cash Balances, December 31	<u>\$30,173</u>	<u>\$33,900</u>	<u>\$64,073</u>
Reserves for Encumbrances, December 31	<u>\$1,624</u>	<u>\$3,636</u>	<u>\$5,260</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$50,042	\$200,429	\$250,471
Membership Fees	6,700		6,700
Administrative Fees	6,619	99,329	105,948
Total Cash Receipts	63,361	299,758	363,119
Cash Disbursements:			
Salaries	51,231	100,582	151,813
Supplies	184	2,604	2,788
Contracts - Services	1,311	122,104	123,415
Advertising and Printing	185	555	740
Travel	547	5,124	5,671
Public Employee's Retirement	7,212	13,454	20,666
Worker's Compensation	80	356	436
Unemployment Compensation		4,607	4,607
Other Disbursements	6,150	12,664	18,814
Total Disbursements	66,900	262,050	328,950
Total Receipts Over/(Under) Disbursements	(3,539)	37,708	34,169
Other Financing Receipts/(Disbursements):			
Refund of Prior Year Receipt		(26,535)	(26,535)
Other sources		1,985	1,985
Total Other Financing Receipts		(24,550)	(24,550)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,539)	13,158	9,619
Fund Cash Balances, January 1 (restated see Note 2)	59,795	112,787	172,582
Fund Cash Balances, December 31	\$56,256	\$125,945	\$182,201
Reserves for Encumbrances, December 31	\$1,257	\$0	\$1,257

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

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First 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 the 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 designee;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Ohio Revised Code;
- e. The superintendent of the county board of mental retardation and development 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 3301.11 of the Ohio Revised Code;
- 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.

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, 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 board representation of families who are receiving services within the county system.

1. Council

Council was officially recognized as being established by the Governor on June 19, 1995.

2. Executive Committee

The Executive Committee members serve for three years, and are made up of the following:

- a. Sonia Ewald, Child Care Choices
- b. June Cannon, Miami County Childrens Services Board
- c. James Luken, Miami County Health District
- d. Regina Kraus, Upper Valley Medical Center/Miami County Health Center
- e. Karen Mayer, Riverside of Miami County
- f. Amy Welker, City of Piqua Health and Sanitation
- g. Ann Baird, Mami County
- h. Tom Dunn, Troy City Schools
- i. Jeff Vaughn, Council on Rural Services
- j. Carol Morgan, Miami County Jobe and Family Services
- k. Mary Hollencamp Ramey, Tri-County Board of Recovery and Mental Health Services

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

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash

As required by Ohio Revised Code, the County Treasurer is custodian for the Council's cash. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract.

2. Special Revenue Fund

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

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from federal sources. During 2004 and 2003, the following grants were awarded to the Council: Family Stability Incentive Grant, Help Me Grow Grant, Coordinator's Grant, and Ohio Children's Trust Fund Grant which was administered by Children Services in previous years.

E. 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 statements.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

2. PRIOR PERIOD ADJUSTMENT

Changes to the beginning fund balances for the Family and Children First Council were restated from amounts previously reported to correct errors in the reporting of grant revenues and disbursements between the general fund and the various grant special revenue funds.

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Amount as previously reported	\$93,305	\$85,002
Adjustment	(35,510)	27,785
Restated Balance	\$59,795	\$112,787

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Miami County Treasurer maintains a cash pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Miami County Treasurer at December 31, 2004 and 2003 were \$64,073 and \$182,201 respectively. The Miami County Commissioners, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

4. RETIREMENT SYSTEMS

The Council's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Family and Children First Council
Miami County
510 West Water Street, Suite 220
Troy, Ohio 45373

To Members of the Council:

We have audited the financial statements of the Family and Children First Council, Miami County, (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 4, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2004-001.

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 October 4, 2005, we reported a matter involving internal control over financial which we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Council's management dated October 4, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and the Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

October 4, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2004-001

Reportable Condition:

Annual Report Presentation

The Council's 2004 and 2003 annual reports required several reclassifications and adjustments to revenue and expenditures. There were material instances in which monies were posted to the incorrect line item. The 1/1/03 beginning balance was adjusted to reflect the correct General Fund and Special Revenue Fund balances. Also, the 2003 annual report did not include all funds for which the Council is responsible to report. The incorrect presentation caused financial statement misstatements. The 12/31/03 and 12/31/04 fund balances were affected by the adjustments. The accompanying financial statements have been corrected to reflect the proper fund balances. The posting of revenue and expenditures during the year and the preparation of the annual reports should be carried out with due care for proper presentation.



**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

MIAMI COUNTY FAMILY & CHILDREN FIRST COUNCIL

MIAMI 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
DECEMBER 20, 2005**