



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Hancock County
7746 County Road 140, Suite A
Findlay Ohio, 45840-1978

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Hancock County, (the Council) as of and for the year ended June 30, 2004. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Council, as of June 30, 2004, and its combined cash receipts and disbursements for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

February 25, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Revenue	\$ 20,000	\$ 102,577	\$ 122,577
Membership Dues	10,000		10,000
Placement Costs Reimbursements		221,919	221,919
Charges for Services	7,450	192,979	200,429
Other Receipts	2,867	3,871	6,738
	<u>40,317</u>	<u>521,346</u>	<u>561,663</u>
Total Cash Receipts			
	<u>40,317</u>	<u>521,346</u>	<u>561,663</u>
Cash Disbursements:			
Current:			
Salaries	41,294	151,067	192,361
Benefits	6,122	35,142	41,264
Contract Services	11,992	362,512	374,504
Supplies and Materials	1,373	11,026	12,399
Capital Outlay		4,049	4,049
Administrative Fees	3,364	21,971	25,335
	<u>64,145</u>	<u>585,767</u>	<u>649,912</u>
Total Disbursements			
	<u>64,145</u>	<u>585,767</u>	<u>649,912</u>
Total Disbursements Over Receipts	<u>(23,828)</u>	<u>(64,421)</u>	<u>(88,249)</u>
Other Financing Sources/(Uses):			
Advances-In	26,397	3,644	30,041
Advances-Out		(30,041)	(30,041)
	<u>26,397</u>	<u>(26,397)</u>	
Total Other Financing Sources/(Uses)			
	<u>26,397</u>	<u>(26,397)</u>	
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<u>2,569</u>	<u>(90,818)</u>	<u>(88,249)</u>
Fund Cash Balances, July 1	<u>28,288</u>	<u>128,555</u>	<u>156,843</u>
Fund Cash Balances, June 30	<u>\$ 30,857</u>	<u>\$ 37,737</u>	<u>\$ 68,594</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2004

1. DESCRIPTION OF THE ENTITY

§ 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to § 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in § 3301.31 of the 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 per cent of the council's remaining membership.

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

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

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 broad representation of families who are receiving services within the county system.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts.

General Fund - The general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of an Administrative Grant from the state and Local Agency Contributions. These are local monies contributed by Hancock County agencies, including Alcohol, Drug Addiction and Mental Health Services Board, Blanchard Valley School, Department of Job and Family Services, Findlay City School District, Hancock County Educational Service Center.

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

Special Revenue Funds - 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:

Intersystem Collaborative for Youth - Moneys from state and to reimburse some cost of foster care or residential services to youths for eligible youth. This fund also receives upfront funds from local agencies used to pay for approved out of home placements.

Help Me Grow- TANF Fund - Monthly reimbursements from Job and Family Services for services Council provides to eligible families.

C. Fiscal Agent

The Hancock County Educational Services Center serves as administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the Hancock County Educational Services Center.

D. Budgetary Process

The Ohio Revised Code and Audit of State Bulletin 98-007 require that each fund be budgeted annually.

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. Unpaid Sick and Vacation Leave

Employees are entitled to cash payments for unused sick and vacation leave in certain circumstances, such as retirement. Unpaid sick and vacation leave are not reflected as liabilities under the cash basis of accounting used by the Council.

3. EQUITY IN POOLED CASH

The Hancock County Educational Service Center maintains a cash pool used by all of the Educational Service Center'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 Educational Service Center at June 30, 2004 was \$68,594. The Educational Service Center, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Educational Service Center's pooled deposit accounts. At June 30, 2004, \$190,631 of Educational Service Center pooled deposit accounts were uninsured and uncollateralized, contrary to Ohio Revised Code § 135.18.

4. DEFINED BENEFIT PENSION PLANS

The Council's employees belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, members of SERS contributed 10 percent of their gross salaries and the Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2004.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Hancock County Educational Service Center.

6. 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.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Family and Children First Council
Hancock County
7746 County Road 140, Suite A
Findlay Ohio, 45840-1978

To the Members of the Council:

We have audited the financial statements of the Hancock County Family and Children First Council, (the Council) as of and for the year ended June 30, 2004, and have issued our report thereon dated February 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Council's management in a separate letter dated February 25, 2005.

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 for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions described above are material weaknesses. We also noted a matter involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the Council's management in a separate letter dated February 25, 2005

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

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

Betty Montgomery
Auditor of State

February 25, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

SCHEDULE OF FINDINGS
JUNE 30, 2004

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

FINDING NUMBER 2003-001

Reportable Condition

Monitoring Collateral for Public Deposits

Family and Children First Council Funds are pooled and deposited with the funds of the Hancock County Educational Service Center, the Council's fiscal agent. At June 30, 2004 the Educational Service Center had deposits which exceeded the amount of depository insurance and collateral pledged by \$190,631. This could result in a loss of Council funds. As a result we recommend the Council monitor the deposits and collateral of the Educational Service Center, to ensure all funds are adequately protected.

FINDING NUMBER 2004-002

Reportable Condition

Annual Financial Report

On the fiscal agent's accounting system, seventy-five percent of all of the Council revenues were receipted as miscellaneous revenues, approximately forty percent of the activity recorded in the general fund was for placement services and should have been recorded within the special revenue funds, and some advances were classified as other revenues and expenditures. This does not provide the information essential for the timely and accurate completion of the annual financial report. We recommend revenues associated with the Council's activities be recorded on the accounting system in relation to the source, (i.e. intergovernmental, charges for services, placement revenues, etc.), activity be classified in the appropriate fund type, and advances not be grouped with other revenues and expenditures. This will allow for the completion of the annual financial report in an accurate and timely manner.

**FAMILY AND CHILDREN FIRST COUNCIL
HANCOCK COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
JUNE 30, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Reportable condition to monitor fiscal agent collateral on deposits	No	This finding has not been corrected and is included in the current report as finding number 2004-001
2003-002	Reportable condition for accurate preparation of the annual financial report	No	This finding has not been corrected and is included in the current report as finding number 2004-002



**Auditor of State
Betty Montgomery**

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FAMILY CHILDREN FIRST COUNCIL

HANCOCK 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
APRIL 5, 2005**