



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Franklin County
855 West Mound Street
Columbus, Ohio 43223

To the Council Members:

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 Council 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 statement 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 statement 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

July 25, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Franklin County
855 West Mound Street
Columbus, Ohio 43223

To the Council Members:

We have audited the accompanying financial statement of the Family and Children First Council, Franklin County, Ohio, (the Council) as of and for the year ended December 31, 2004. This financial statement is the responsibility of the Council's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 this financial statement 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 statement 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 statement presents for 2004, the revisions require presenting an entity wide statement 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 statement does 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 statement. 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 Audit of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004 does 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.

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Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances of the Family and Children First Council, Franklin County, Ohio, as of December 31, 2004, and its combined cash receipts and disbursements for the year 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 statement.

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

We conducted our audit to opine on the Council's financial statement. The schedule of federal awards expenditures presents additional information and is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statement. We subjected the schedule of federal expenditures to the auditing procedures applied in the audit of the financial statement. In our opinion, this information is fairly stated in all material respects in relation to the financial statement taken as a whole.



Betty Montgomery
Auditor of State

July 25, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN 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>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$18,800	\$4,511,078	\$4,529,878
Local Contributions	<u>247,722</u>	<u>0</u>	<u>247,722</u>
Total Cash Receipts	<u>266,522</u>	<u>4,511,078</u>	<u>4,777,600</u>
Cash Disbursements:			
Personal Services	168,369	553,109	721,478
Contractual Services	0	4,135,040	4,135,040
Supplies and Materials	18,417	0	18,417
Capital Outlay	3,607	0	3,607
Services and Charges	<u>63,084</u>	<u>1,450</u>	<u>64,534</u>
Total Cash Disbursements	<u>253,477</u>	<u>4,689,599</u>	<u>4,943,076</u>
Total Receipts Over (Under) Disbursements	<u>13,045</u>	<u>(178,521)</u>	<u>(165,476)</u>
Other Financing (Disbursements):			
Other Uses	0	(10,822)	(10,822)
Total Other Financing (Disbursements)	<u>0</u>	<u>(10,822)</u>	<u>(10,822)</u>
Excess of Cash Receipts Over (Under) Disbursements and Other Financing Disbursements	13,045	(189,343)	(176,298)
Fund Cash Balances, January 1	<u>114,935</u>	<u>3,235,090</u>	<u>3,350,025</u>
Fund Cash Balances, December 31	<u>\$127,980</u>	<u>\$3,045,747</u>	<u>\$3,173,727</u>

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

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**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Ohio 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 jobs 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 Revised Code;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- 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 member representing families shall be equal to twenty percent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (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 services 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.

B. Basis of Accounting

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

This statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund. The General fund also includes local contributions received from KIDS In Different Systems to support the administrative services of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (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 expenditures for specific purposes. The Council had the following significant Special Revenue Funds:

Ohio Early Start Fund (TANF) – This fund receives grant money to enhance the local child and family serving system, according to the terms of the Temporary Assistance for Needed Families Agreement.

Help Me Grow (Part C) Fund – This fund receives grant money to provide services for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

D. Administrative/ Fiscal Agent

The Council designated the Franklin County as the fiscal agent for all funds received in the name of the Council. The Franklin County Department of Jobs and Family Services (DJFS) has been designated as the Council's administrative agent.

E. Equity in Pooled Cash

The Franklin County Treasurer, as fiscal agent for the Council, maintains a cash and investments pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Auditor at December 31, 2004 was \$3,173,727. The Franklin County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of Franklin County.

F. Property, Plant and Equipment

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

2. SUBSEQUENT EVENT

On January 1, 2005 the Council and the Kids In Different System (KIDS) combined into one agency. Currently, the Council accounts for local contributions received from KIDS in the General fund. However due to the Council and KIDS becoming one agency, the Council will also have to account for the multi-system monies received from additional local contributions. The cash balance for the KIDS multi-system account is \$460,000 at December 31, 2004.

In addition, as of the aforementioned date, the Franklin County Education Service Center will be the Administrative and Fiscal Agent for the all the Council's General fund monies.

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**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Health:</i>			
Special Education Grants - Infants and Families with Disabilities (Help Me Grow/Part C)	2310021E	84.181	<u>\$861,310</u>
Total U.S. Department of Education			<u>861,310</u>
U.S. DEPARTMENT OF HUMAN SERVICES			
<i>Passed Through Ohio Department of Jobs and Family Services and Passed Through Franklin County Jobs and Family Services:</i>			
Temporary Assistance for Needy Families: Help Me Grow	N/A	93.558	<u>2,884,024</u>
Total U.S. Department of Human Services			<u>2,884,024</u>
Total			<u><u>\$3,745,334</u></u>

The accompanying notes are an integral part of this schedule.

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2004**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B--SUBRECIPIENTS

The Council passes-through certain Federal assistance received from the Ohio Department of Health and the Ohio Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the Council records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Council is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.



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
Franklin County
855 West Mound Street
Columbus, Ohio 43223

To the Council Members:

We have audited the financial statement of the Family and Children First Council, Franklin County, Ohio (the Council) as of and for the year ended December 31, 2004, and have issued our report thereon dated July 25, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statement 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 statement 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 July 25, 2005, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

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

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Family and Children First Council
Franklin 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, the Council Members, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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Betty Montgomery
Auditor of State

July 25, 2005



Auditor of State Betty Montgomery

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

Family and Children First Council
Franklin County
855 West Mound Street
Columbus, Ohio 43223

To the Council Members:

Compliance

We have audited the compliance of the Family and Children First Council, Franklin 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 its 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 that 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 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.

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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. In a separate letter to the Council's management dated July 25, 2005, we reported another matter involving internal control over federal compliance we did not deem a reportable condition.

We intend this report solely for the information and use of the audit committee, management, the Council Members, 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

July 25, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2004**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Adverse - GAAP Basis Unqualified – Cash Basis
<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 of 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

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

NONE

3. FINDINGS FOR FEDERAL AWARDS

NONE



**Auditor of State
Betty Montgomery**

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FRANKLIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

FRANKLIN 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
SEPTEMBER 29, 2005**