



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Putnam County  
336 E. Main Street, P.O. Box 190  
Ottawa, Ohio 45875-0190

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Putnam County, (the Council) as of and for the years ended June 30, 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 audits.

We conducted our audits 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, 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 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 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 audits.

Family and Children First Council  
Putnam County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit 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 1, 2005

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$ 12,000		\$ 12,000
Administrative Funds - State	20,000		20,000
Administrative Funds - Local	750		750
Help Me Grow - Charges for Services		\$ 123,429	123,429
Help Me Grow - Grant		79,603	79,603
ISCY (Youth) Receipts	131	90,496	90,627
Wellness Block Grant		11,591	11,591
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	32,881	305,119	338,000
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	29,705		29,705
Travel/Training	1,132		1,132
Supplies/Other	875		875
Wellness Block Grant		8,079	8,079
Help Me Grow Grant		199,619	199,619
Family Stability Incentive Grant		5,584	5,584
ISCY (Youth)		78,733	78,733
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	31,712	292,015	323,727
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	1,169	13,104	14,273
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	25,867	5,529	31,396
Advances-Out	(5,529)	(25,867)	(31,396)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	20,338	(20,338)	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,507	(7,234)	14,273
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	1,420	9,388	10,808
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b>\$ 22,927</b>	<b>\$ 2,154</b>	<b>\$ 25,081</b>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Membership Fees	\$ 12,000		\$ 12,000
Administrative Funds - State	20,000		20,000
Administrative Funds - Local	27,646		27,646
Help Me Grow - Charges for Services		\$ 122,478	122,478
Help Me Grow - Grant		73,177	73,177
Family Incentive Grant		123,084	123,084
ISCY (Youth) Receipts		105,193	105,193
Wellness Block Grant		77,539	77,539
Miscellaneous	50		50
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	59,696	501,471	561,167
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	51,199		51,199
Travel/Training	3,068		3,068
Supplies/Other	5,056		5,056
Wellness Block Grant		84,576	84,576
Help Me Grow Grant		198,337	198,337
Family Stability Incentive Grant		116,732	116,732
ISCY (Youth)		119,130	119,130
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	59,323	518,775	578,098
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	373	(17,304)	(16,931)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In		5,916	5,916
Advances-In	3,582	30,147	33,729
Transfers-Out		(5,916)	(5,916)
Advances-Out	(25,867)	(7,862)	(33,729)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(22,285)	22,285	
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,912)	4,981	(16,931)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	23,332	4,407	27,739
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, June 30</b>	<b>\$ 1,420</b>	<b>\$ 9,388</b>	<b>\$ 10,808</b>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to 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 members representing families shall be equal to twenty per cent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(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, 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 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. Steering Committee**

The Steering Committee acts on behalf of the Council. This Committee consists of representatives of the Cabinet membership. Committee responsibilities include the following:

- a. Contract for the administration and staffing of the Council, including a Council Coordinator, and provide direction to the Council Coordinator with regard to operations of the Council.
- b. Monitoring and directing the implementation of the Strategic Community Plan, Service Coordination Plan, and the Children's Cluster Plan.
- c. Monitoring committee work and providing direction to committee chairs.
- d. Monitoring annual operating budgets.
- e. Identifying service gaps in local community resources and developing strategies to assist children and their families.
- f. Addressing and recommending resolutions to policy issues/concerns identified by the Council.

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)

- g. Reviewing and approving periodic reports to the State Cabinet regarding the operation the Council.
- h. Consistent with policies of the Council, enter into contracts based on resources available and applying for and administering grants to plan and coordinate programs and services for families and children.
- i. Identifying regulation and policy waiver requests necessary to the implementation of Council plans and strategies.

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 Putnam County agencies, including Alcohol, Drug Addiction and Mental Health Services Board, Pathways Mental Health Division, Brookhill School, Juvenile Court, Village of Ottawa, Putnam County Job and Family Services, Children's Services, Putnam County Commissioners, Ottawa-Glandorf Local School District, Putnam County Educational Service Center, Putnam County Health Department, and Head Start.

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 Services Collaborative for Youth - Moneys from state and local agencies or parents and guardians to provide in-home service or residential to youths.

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)

Family Stability Incentive Fund - State and Federal moneys used to fund family preservation services, such as respite care and a juvenile corrections program.

Help Me Grow- Monthly reimbursements from Job and Family Services for services Council provides to eligible families along with State and Federal monies used to fund services for families and children.

**C. Fiscal Agent and Administrative Agent**

Beginning July 1, 2001, the Putnam County Educational Services Center became the administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the Putnam County Educational Services Center.

**D. Budgetary Process**

The Ohio Revised Code requires 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**

Employee is entitled to cash payments for unused sick and vacation leave in certain circumstances, such as upon leaving employment. Unpaid sick and vacation leave is not reflected as liabilities under the cash basis of accounting used by the Council.

**3. CORRECTION OF AN ERROR AND PRIOR PERIOD RESTATEMENT**

In prior years the Family and Children First Council incorrectly reported a portion of its General Fund revenues in the Special Revenue Funds. These amounts have been adjusted to show the appropriate fund balances as of January 1, 2003. This adjustment had the following affect on the previously reported fund balances:

	General Fund	Special Revenue
Fund Balance as previous reported at December 31, 2002:	\$10,833	\$16,906
Adjustment for misclassified revenues	12,499	(12,499)
Adjusted Balance at January 1, 2003	\$23,332	\$4,407

**4. EQUITY IN POOLED CASH**

The Putnam 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 and 2003 was \$25,081 and \$10,808, respectively. The Educational Service Center, as fiscal agent for the Council, is

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2004 AND 2003  
(Continued)**

responsible for maintaining adequate depository collateral for all funds in the Educational Service Center's pooled deposit accounts.

**5. DEFINED BENEFIT PENSION PLANS**

The Council's employee currently belongs 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.

Contribution rates are also prescribed by the Ohio Revised Code. For fiscal years 2004 and 2003, members of SERS contributed 10 and 9 percent, respectively, 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.

**6. RISK MANAGEMENT**

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

**7. 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.

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**Auditor of State  
Betty Montgomery**

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

Family and Children First Council  
Putnam County  
336 E. Main Street, P.O. Box 190  
Ottawa, Ohio 45875-0190

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Putnam County, (the Council) as of and for the years ended June 30, 2004 and 2003, and have issued our report thereon dated February 1, 2005. We conducted our audits 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report 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 1, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Family and Children First Council  
Putnam County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and the members of 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 1, 2005





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**FAMILY AND CHILDREN FIRST COUNCIL  
PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 22, 2005**