



**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2003 AND JUNE 30, 2005  
AND FOR THE PERIOD ENDED JUNE 30, 2004**



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
HURON 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 June 30, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Six Month Period Ended June 30, 2004.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	7
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Huron County  
180 Milan Avenue  
Norwalk, Ohio 44857-1168

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

March 31, 2006

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Huron County  
180 Milan Avenue  
Norwalk, Ohio 44857-1168

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Huron County, (the Council) as of and for the year ended June 30, 2005, the six month period ended June 30, 2004, and the year ended December 31, 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 June 30, 2005, and the six month period ended June 30, 2004. Instead of the combined funds the accompanying financial statements present for the year ended June 30, 2005, and the six month period ended June 30, 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for the year ended June 30, 2005, and the six month period ending June 30, 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.

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 June 30, 2005, and the six month period ended June 30, 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 June 30, 2005, and the six month period ended June 30, 2004, or its changes in financial position for the year and period then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Family and Children First Council, Huron County, as of June 30, 2005, as of the six month period ended June 30, 2004, and as of December 31, 2003, and its combined cash receipts and disbursements for the years and period 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 June 30, 2005, and the six month period ended June 30, 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 March 31, 2006, 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

March 31, 2006

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$30,800	\$310,898	\$341,698
Investment Income	835	567	1,402
Gifts, Donations, and Bequests	8,000		8,000
Other Receipts	7,924		7,924
	<u>47,559</u>	<u>311,465</u>	<u>359,024</u>
<b>Total Cash Receipts</b>	<b>47,559</b>	<b>311,465</b>	<b>359,024</b>
<b>Cash Disbursements:</b>			
Current:			
Salaries and Benefits	17,354		17,354
Contracts - Professional Services	5,898	312,009	317,907
Travel	606		606
	<u>23,858</u>	<u>312,009</u>	<u>335,867</u>
<b>Total Disbursements</b>	<b>23,858</b>	<b>312,009</b>	<b>335,867</b>
Total Receipts Over (Under) Disbursements	23,701	(544)	23,157
Fund Cash Balances, July 1	<u>21,027</u>	<u>20,610</u>	<u>41,637</u>
<b>Fund Cash Balances, June 30</b>	<b><u><u>\$44,728</u></u></b>	<b><u><u>\$20,066</u></u></b>	<b><u><u>\$64,794</u></u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE SIX MONTH PERIOD 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>			
Grants	\$5,000	\$164,952	\$169,952
Investment Income	139	133	272
Gifts, Donations, and Bequests	1,000		1,000
Other Receipts	1,254	350	1,604
	<u>7,393</u>	<u>165,435</u>	<u>172,828</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries	14,325		14,325
Supplies	34		34
Contracts - Professional Services	25,396	174,335	199,731
Travel	226		226
	<u>39,981</u>	<u>174,335</u>	<u>214,316</u>
<b>Total Disbursements</b>			
Total Disbursements Over Receipts	(32,588)	(8,900)	(41,488)
Fund Cash Balances, January 1	53,615	29,510	83,125
<b>Fund Cash Balances, June 30</b>	<u><u>\$21,027</u></u>	<u><u>\$20,610</u></u>	<u><u>\$41,637</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON 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**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants	\$45,000	\$515,793	\$560,793
Investment Income	341	473	814
Gifts, Donations, and Bequests	11,000		11,000
Other Receipts	1,400		1,400
	<u>57,741</u>	<u>516,266</u>	<u>574,007</u>
<b>Cash Disbursements:</b>			
Salaries	19,748		19,748
Supplies	200		200
Contracts - Professional Services	165	546,418	546,583
Grant Disbursements	19,627		19,627
Travel	410		410
Other	3,217		3,217
	<u>43,367</u>	<u>546,418</u>	<u>589,785</u>
Total Receipts Over (Under) Disbursements	14,374	(30,152)	(15,778)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	19,500		19,500
Transfers-Out		(19,500)	(19,500)
	<u>19,500</u>	<u>(19,500)</u>	
Total Other Financing Receipts/(Disbursements)	19,500	(19,500)	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	33,874	(49,652)	(15,778)
Fund Cash Balances, January 1	<u>19,741</u>	<u>79,162</u>	<u>98,903</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$53,615</u></b>	<b><u>\$29,510</u></b>	<b><u>\$83,125</u></b>

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

**This page intentionally left blank.**

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004 AND DECEMBER 31, 2003**

**1. DESCRIPTION OF THE ENTITY**

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

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  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004 AND DECEMBER 31, 2003  
(Continued)**

**1. DESCRIPTION OF THE ENTITY – (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 State subsidies for administration.

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004 AND DECEMBER 31, 2003  
(Continued)**

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

*SPECIAL REVENUE FUNDS* - These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

*Help Me Grow Funds* – This fund receives grant monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

**C. Fiscal Agent**

The Huron County Auditor and the South Central Local School District Treasurer serve as fiscal agents for the Council. § 3109.18 of the Ohio Revised Code stipulates that the County Auditor serve as the local fiscal agent for the Ohio Children's Trust Fund. Per § 121.37 (B)(4) of the Ohio Revised Code, the Council designated South Central Local School District as the fiscal agent for all other Council funds. Council funds are maintained in separate agency funds by each of the fiscal agents. On May 14, 2004, The Council approved revised Family and Children First Council by-laws that changed from a calendar fiscal year to one that begins on July 1 and ends on June 30 to match the fiscal year of South Central Local School District.

**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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

**3. EQUITY IN POOLED CASH**

The Huron County Treasurer and the South Central Local School District Treasurer maintain cash pools used by the entire County and District funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Council's cash on deposit with the Huron County Treasurer at June 30, 2005, June 30, 2004 and December 31, 2003, was \$6,394, \$5,640 and \$5,760 respectively. The carrying amount of the Council's cash on deposit with the South Central Local School District Treasurer at June 30, 2005, June 30, 2004, and December 31, 2003, was \$58,400, \$35,997 and \$77,365 respectively. The Huron County Treasurer and the South Central Local School District Treasurer, as fiscal agents for the Council, are responsible for maintaining adequate depository collateral for all funds in the County's/District's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2005 AND 2004 AND DECEMBER 31, 2003  
(Continued)**

**4. RETIREMENT SYSTEMS**

The Council's full-time employee belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2005, 2004, and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2005.

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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 INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Family and Children First Council  
Huron County  
180 Milan Avenue  
Norwalk, Ohio 44857-1168

To Members of the Council:

We have audited the financial statements of the Family and Children First Council, Huron County (the Council) as of and for the year ended June 30, 2005, the six month period ended June 30, 2004, and the year ended December 31, 2003, and have issued our report thereon dated March 31, 2006, 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 statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated March 31, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Council's management dated March 31, 2006, we reported another matter related to noncompliance we deemed immaterial.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Family and Children First Council  
Huron County  
Independent Accountants' Report on Internal Control  
Over Financial Reporting and on compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the audit 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

March 31, 2006



**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**FAMILY AND CHILDREN FIRST COUNCIL**

**HURON 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  
MAY 4, 2006**