



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

TABLE OF CONTENTS

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

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Guernsey County
324 Highland Avenue
Cambridge, Ohio 43725

To the Family and Children First Council:

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

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

Betty Montgomery
Auditor of State

February 2, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Guernsey County
324 Highland Avenue
Cambridge, Ohio 43725

To the Family and Children First Council:

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

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

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

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

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, Guernsey County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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

February 2, 2006

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 22,500	\$ 167,083	\$ 189,583
Total Cash Receipts	<u>22,500</u>	<u>167,083</u>	<u>189,583</u>
Cash Disbursements:			
Supplies and Materials	623	14,201	14,824
Conferences and Training	185	1,410	1,595
Equipment	899		899
Contracted Services	13,481	140,279	153,760
Mileage		3,352	3,352
Advertising	327	80	407
Supportive Services		1,295	1,295
Grant Administration Costs		689	689
Emergency Direct Services		312	312
Miscellaneous	1,074	64	1,138
Total Cash Disbursements	<u>16,589</u>	<u>161,682</u>	<u>178,271</u>
Total Cash Receipts Over Cash Disbursements	<u>5,911</u>	<u>5,401</u>	<u>11,312</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	6,332	7,000	13,332
Transfers-Out	(7,000)	(6,332)	(13,332)
Refund of Grant Funding		(9,337)	(9,337)
Total Other Financing Receipts/(Disbursements)	<u>(668)</u>	<u>(8,669)</u>	<u>(9,337)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,243	(3,268)	1,975
Fund Cash Balances, January 1	<u>51,825</u>	<u>70,043</u>	<u>121,868</u>
Fund Cash Balances, December 31	<u>\$ 57,068</u>	<u>\$ 66,775</u>	<u>\$ 123,843</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 20,000	\$ 224,089	\$ 244,089
Total Cash Receipts	<u>20,000</u>	<u>224,089</u>	<u>244,089</u>
Cash Disbursements:			
Supplies and Materials		19,705	19,705
Conferences and Training	800	2,905	3,705
Equipment		314	314
Contracted Services	8,501	209,723	218,224
Mileage		12,661	12,661
Advertising	149	2,670	2,819
Supportive Services		4,518	4,518
Grant Administration Costs	21	5,319	5,340
Emergency Direct Services		1,759	1,759
Miscellaneous	1,808	6,598	8,406
Total Cash Disbursements	<u>11,279</u>	<u>266,172</u>	<u>277,451</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,721</u>	<u>(42,083)</u>	<u>(33,362)</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	5,000	12,000	17,000
Transfers-Out	(12,000)	(5,000)	(17,000)
Refund of Grant Funding		(7,509)	(7,509)
Total Other Financing Receipts/(Disbursements)	<u>(7,000)</u>	<u>(509)</u>	<u>(7,509)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,721	(42,592)	(40,871)
Fund Cash Balances, January 1	<u>50,104</u>	<u>112,635</u>	<u>162,739</u>
Fund Cash Balances, December 31	<u>\$ 51,825</u>	<u>\$ 70,043</u>	<u>\$ 121,868</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any other 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 its County Council. Each County must include the following individuals:

1. At least three individuals whose families are or have received services from an agency which is represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City and General Health District in the County. If the County has more than two health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the County agency responsible for the administration of children's services pursuant to the Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. The County's Juvenile Court Judge senior in service or another judge of the Juvenile Court designated by the Administrative Judge or, where there is no Administrative Judge, by the Judge senior in service;
8. The Superintendent of the City, Exempted Village, or Local School District with the largest number of pupils residing in the County, as determine by the Ohio Department of Education at least biennially;
9. 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;
10. A representative of the municipal corporation with the largest population in the County;
11. The President of the Board of County Commissioners, or an individual designated by the Board;

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

12. A representative from the regional office of the Ohio Department of Youth Services;
13. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
14. 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 of 1986"; and,
15. A representative of a local nonprofit entity that funds, advocates or provides services to children and families.

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. Develop and implement a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. 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";
4. Maintain an accounting system to monitor the Council's progress in achieving results for families and children; and,
5. Establish a mechanism to ensure ongoing input from a broad representative of families who are receiving services with the County system.

B. Basis of Accounting

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

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

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund is used to account for federal and state grant funds to be used for families and children ages birth to three years and pregnant women who are at risk for abuse, neglect, or developmental delay.

Wellness Block Grant Fund – This fund received state grant funds to focus on reducing teenage pregnancy and provide latitude to local Council to make decisions for funding prevention services.

D. Fiscal and Administrative Agents

Section 121.37 (B)(4), Revised Code, requires each County Council to designate an administrative agent for the Council. The Guernsey County Department of Job and Family Services serves as an administrative agent for the Council, and the Guernsey County Auditor is the designated fiscal agent for the Guernsey County Department of Job and Family Services. Guernsey County maintains the Family and Children First Council funds in a special revenue fund on the County's financial records. The administrative agent agrees to:

- a. Serves as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and
- c. Perform the following on behalf of Council, but only upon the expressed approval of and direction by Council:
 - Enter into written agreements or administer contracts with public or private entities to fulfill Council business.
 - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity.
 - Receive by gift, grant, devise, or bequest any moneys, land, or other property for the purposes for which the Council is established.

**FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Council is required by Ohio Rev. Code Section 121.37(B)(4) to file an annual estimate of expenditures and revenue with its administrative agent. The Council and County Commissioners ensure that the Council's expenditures do not exceed appropriations. The Council did file the required budget in 2004 and 2003. Budgets were filed based on the grant program year, which ends June 30. As a result, it was not practical to present calendar year information.

2. EQUITY IN POOLED CASH

In accordance with Ohio Revised Code, the Council's cash is maintained by the Guernsey County Treasurer, who acts as custodian for the Council's monies. The Ohio Revised Code prescribes allowable deposits and investments and the Council is responsible for compliance. The Council's carrying amount of cash on deposit with the County at December 31, 2004 and 2003 was \$123,843 and \$121,868, respectively. The Guernsey County Treasurer is responsible for securing and maintaining adequate collateral for all funds in the Guernsey County cash and investment pool and for all risks associated with the Council's deposits.

3. CONTINGENT LIABILITIES

Amounts grantor agencies pay to Council are subject to audit and adjustment. Grantors may require the Council refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes any refunds would be immaterial.



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
Guernsey County
324 Highland Avenue
Cambridge, Ohio 43725

To the Family and Children First Council:

We have audited the financial statements of the Family and Children First Council, Guernsey County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated February 2, 2006, wherein we noted that the Council prepared its financial statements using accounting practices the Auditor of State established 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.

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*.

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

We intend this report solely for the information and use of management and the Council. 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

February 2, 2006



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

GUERNSEY 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
MARCH 14, 2006**