



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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**Auditor of State
Betty Montgomery**

Family and Children First Council
Washington County
202 Davis Avenue
Marietta, Ohio 45750

To 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.

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Betty Montgomery
Auditor of State

May 19, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Washington County
202 Davis Avenue
Marietta, Ohio 45750

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Washington County, Ohio (the Council), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2005 and 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 years ended December 31, 2005 and 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 December 31, 2005 and 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 and reserves for encumbrances of the Family and Children First Council, Washington County, Ohio, as of December 31, 2005 and 2004, 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 years ended December 31, 2005 and 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 May 19, 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.

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

Betty Montgomery
Auditor of State

May 19, 2006

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$ 116,373	\$ 513,494	\$ 629,867
Total Cash Receipts	<u>116,373</u>	<u>513,494</u>	<u>629,867</u>
Cash Disbursements:			
Personal Services	68,122	263,253	331,375
Contractual Services	25,960	213,659	239,619
Supplies and Materials	5,614	13,693	19,307
Miscellaneous	10,899	16,560	27,459
Total Cash Disbursements	<u>110,595</u>	<u>507,165</u>	<u>617,760</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,778</u>	<u>6,329</u>	<u>12,107</u>
Fund Cash Balances, January 1	<u>14,789</u>	<u>262,997</u>	<u>277,786</u>
Fund Cash Balances, December 31	<u>\$ 20,567</u>	<u>\$ 269,326</u>	<u>\$ 289,893</u>
Reserves for Encumbrances, December 31	<u>\$ 666</u>	<u>\$ 55,681</u>	<u>\$ 56,347</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON 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	\$ 80,463	\$592,667	\$ 673,130
Miscellaneous Receipts	2,916	7,567	10,483
Total Cash Receipts	<u>83,379</u>	<u>600,234</u>	<u>683,613</u>
Cash Disbursements:			
Personal Services	74,762	236,212	310,974
Contractual Services	1,287	163,790	165,077
Supplies and Materials	1,882	39,255	41,137
Miscellaneous	7,105	19,359	26,464
Capital Outlay	2,274	5,275	7,549
Total Cash Disbursements	<u>87,310</u>	<u>463,891</u>	<u>551,201</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,931)</u>	<u>136,343</u>	<u>132,412</u>
Fund Cash Balances, January 1	<u>18,720</u>	<u>126,654</u>	<u>145,374</u>
Fund Cash Balances, December 31	<u>\$ 14,789</u>	<u>\$262,997</u>	<u>\$ 277,786</u>
Reserves for Encumbrances, December 31	<u>\$ 809</u>	<u>\$ 93,580</u>	<u>\$ 94,389</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

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 required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership;
- b. 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council;
- c. 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 two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations;
- d. The director of the county department of job and family services;
- e. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. 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;
- h. 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 board of county commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the county;

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;
- m. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- n. 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"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of 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;
- c. Participation 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of 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.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

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 that is restricted as to use. The Council classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

Help Me Grow Fund - This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

Family and Children First Council Restricted Fund - This fund receives pooled funds from Washington County Juvenile Court, Washington County Children Services Board and Washington County Board of Mental Retardation and Developmental Disabilities to provide money for placement services for kids.

D. Administrative/Fiscal Agent

The Washington County Board of Commissioners is the designated administrative agent for the Council. The Washington County Auditor is the designated fiscal agent. The Council's funds are maintained by the County in separate Agency Funds.

E. Budgetary Process

The Council files an annual estimate of expenditures and revenue with Washington County, as required by Ohio law. This estimate is adopted by the Council and the Washington County Commissioners. The Council and County Commissioners approve any changes made to this estimate during the year. The County Commissioners ensure the Council's expenditures do not exceed appropriations.

F. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council's cash and investments are maintained by the Washington County Auditor, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. The carrying amount of cash and investments at December 31 was as follows:

	2005	2004
Demand deposits	\$289,893	\$277,786

All risks associated with such deposits are the responsibility of Washington County.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2005 and 2004 are as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 110,710	\$ 116,373	\$ 5,663
Special Revenue	568,125	513,494	(54,631)
Total	\$ 678,835	\$ 629,867	\$ (48,968)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 116,443	\$ 111,261	\$ 5,182
Special Revenue	630,362	562,846	67,516
Total	\$ 746,805	\$ 674,107	\$ 72,698

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 83,541	\$ 83,379	\$ (162)
Special Revenue	531,186	600,234	69,048
Total	\$ 614,727	\$ 683,613	\$ 68,886

**FAMILY AND CHILDREN FIRST COUNCIL
WASHINGTON COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,352	\$ 88,119	\$ 9,233
Special Revenue	656,907	557,471	99,436
Total	\$ 754,259	\$ 645,590	\$ 108,669

4. RETIREMENT SYSTEMS

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost-sharing, multiple employer public employee retirement system. The Ohio Revised Code prescribes retirement benefits for vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. The Council's OPERS members contribute 8.5 percent of their gross salaries. The Library contributed an amount equal to 13.55 percent of participant's gross salaries. The Council has paid all contributions required through December 31, 2005.

5. RISK MANAGEMENT

The Council is insured through the Washington County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**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
Washington County
202 Davis Avenue
Marietta, Ohio 45750

To the Council:

We have audited the financial statements of the Family and Children First Council, Washington County, Ohio (the Council), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 19, 2006, wherein we noted the Council follows the 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 May 19, 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 May 19, 2006, we reported an other matter related to noncompliance we deemed immaterial.

Family and Children First Council
Washington 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 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

May 19, 2006



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

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FAMILY AND CHILDREN FIRST COUNCIL

WASHINGTON 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
JUNE 20, 2006**