

***FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Hocking County Family and Children First Council
31620 Chieftain Drive
Logan, Ohio 43138

We have reviewed the *Report of Independent Accountants* of the Hocking County Family and Children First Council, Hocking County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Hocking County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 2, 2007

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**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 & 2004**

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Rockefeller Building
614 W Superior Ave Ste1242
Cleveland OH 44113-1306

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council
Hocking County
31620 Chieftain Drive
Logan, Ohio 43138

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Hocking 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 that 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 the 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 matters 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 years 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, Hocking County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements and changes in fund cash balances 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 January 15, 2007, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

January 15, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Intergovernmental	\$ 20,000	\$ 227,690	\$ 247,690
Cluster Monies	222,458	-	222,458
Other Revenue	24,231	-	24,231
Total Receipts	266,689	227,690	494,379
Disbursements:			
Personal Services	24,305	73,304	97,609
Utilities	4,454	-	4,454
Contractual Services	165,795	132,033	297,828
Supplies and Materials	355	317	672
Miscellaneous	333	9,928	10,261
Total Disbursements	195,242	215,582	410,824
Total Receipts Over/(Under) Disbursements	71,447	12,108	83,555
Other Financing Sources/(Uses):			
Refund of Unspent Funds	-	(2,112)	(2,112)
Total Other Financing Sources/(Uses)	-	(2,112)	(2,112)
Excess of Receipts and Other Sources Over/(Under) Disbursements and Other Uses	71,447	9,996	81,443
Fund Cash Balance, January 1, 2005	82,264	23,404	105,668
Fund Cash Balance, December 31, 2005	\$ 153,711	\$ 33,400	\$ 187,111

See accompanying Notes to the Financial Statements.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2004**

	<u>Governmental Fund Types</u>		<u>Total Memorandum Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Intergovernmental	\$ 50,970	\$ 300,385	\$ 351,355
Cluster Monies	221,683	-	221,683
Other Revenue	23,202	-	23,202
Total Receipts	295,855	300,385	596,240
Disbursements:			
Personal Services	47,190	81,862	129,052
Utilities	4,047	-	4,047
Contractual Services	264,473	249,004	513,477
Supplies and Materials	1,442	8,523	9,965
Miscellaneous	32	645	677
Total Disbursements	317,184	340,034	657,218
Total Receipts Over/(Under) Disbursements	(21,329)	(39,649)	(60,978)
Fund Cash Balance, January 1, 2004	103,593	63,053	166,646
Fund Cash Balance, December 31, 2004	\$ 82,264	\$ 23,404	\$ 105,668

See accompanying Notes to the Financial Statements.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended 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 percent of the Council's membership;
- b. The Director of 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;

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. DESCRIPTION OF THE ENTITY – (Continued)

- 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;
 - 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;

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. DESCRIPTION OF THE ENTITY – (Continued)

- 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.

B. BASIS OF ACCOUNTING

The Council prepares its financial statements following 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. FUND ACCOUNTING

The Village 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 of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds.

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. BUDGETARY PROCESS – (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

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 accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources that are restricted to expenditures for specific purposes. The Council has the following significant Special Revenue funds:

- Partnership for Success- This fund receives monies to perform county-wide assessments, resource analysis, gap analysis, and devise a system of accountability for improving child well-being.
- Help Me Grow Fund- This fund receives federal monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

D. BUDGETARY PROCESS

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

E. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment acquisitions are recorded as expenses when paid, rather than being capitalized.

F. ADMINISTRATIVE AGENT

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

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Council's cash and investments are maintained by the Hocking County Commissioners. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. The carrying amount of cash at December 31 was as follows:

	<u>2005</u>	<u>2004</u>
Demand Deposits	<u>\$187,111</u>	<u>\$105,668</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

<u>2005 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General Fund	\$ 277,924	\$ 266,689	\$ (11,235)
Special Revenue Funds	327,062	227,690	(99,372)

<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General Fund	\$ 277,924	\$ 195,242	\$ 82,682
Special Revenue Funds	327,062	217,694	109,368

<u>2004 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General Fund	\$ 295,618	\$ 295,855	\$ 237
Special Revenue Funds	387,129	300,385	(86,744)

<u>2004 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General Fund	\$ 382,855	\$ 317,184	\$ 65,671
Special Revenue Funds	391,689	340,034	51,655

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2004**

4. RISK MANAGEMENT

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

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

5. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland, OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Family And Children First Council
Hocking County
31620 Chieftain Drive
Logan, Ohio 43138

To the Council:

We have audited the financial statements of the Family and Children First Council, Hocking County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated January 15, 2007, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of 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 internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates, Inc.

January 15, 2007

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING COUNTY
For the Years Ending December 31, 2005 and 2004**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending December 31, 2003, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
HOCKING 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
APRIL 12, 2007**