



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Ross County
475 Western Ave., Suite B
Chillicothe, Ohio 45601

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Ross County, Ohio, (the Council) as of and for the years ended December 31, 2004 and 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 discussed in Note 1, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Family and Children First Council, Ross County, Ohio, as of December 31, 2004, and December 31, 2003, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2005, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.

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This report is intended solely for the information and use of the audit committee, management, Members of Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 29, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS 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	\$77,214	\$141,896	\$219,110
Cash Disbursements:			
Current:			
Contract Services	73,573	0	73,573
Children's Trust Fund	0	22,246	22,246
Partnership for Success	0	58,356	58,356
Youth Services Development	0	63,664	63,664
Cluster Flexible Funds	0	7,636	7,636
Total Cash Disbursements	<u>73,573</u>	<u>151,902</u>	<u>225,475</u>
Total Cash Receipts Over/(Under) Cash Disbursements	3,641	(10,006)	(6,365)
Fund Cash Balances, January 1	<u>34,841</u>	<u>9,563</u>	<u>44,404</u>
Fund Cash Balances, December 31	<u>\$38,482</u>	<u>(\$443)</u>	<u>\$38,039</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$120</u>	<u>\$120</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$86,901	\$160,716	\$247,617
Cash Disbursements:			
Current:			
Contract Services	94,844	0	94,844
State Collaborative	0	50,108	50,108
Children's Trust Fund	0	12,111	12,111
Partnership for Success	0	113,331	113,331
Court to Community	0	42,311	42,311
Cluster Flexible Funds	0	1,039	1,039
Youth Services Development	0	7,265	7,265
Total Cash Disbursements	<u>94,844</u>	<u>226,165</u>	<u>321,009</u>
Total Cash Receipts (Under) Cash Disbursements	(7,943)	(65,449)	(73,392)
Fund Cash Balances, January 1	<u>42,784</u>	<u>75,012</u>	<u>117,796</u>
Fund Cash Balances, December 31	<u>\$34,841</u>	<u>\$9,563</u>	<u>\$44,404</u>
Reserves for Encumbrances, December 31	<u>\$50</u>	<u>\$300</u>	<u>\$350</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of mental retardation and developmental Disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the council cabinet those children for whom the county council cannot provide adequate services;
- b. Make periodic reports to the council cabinet 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. Maintain an accountability system to monitor the county council's progress in achieving its purposes;
- e. Establish a mechanism to insure ongoing input from a broad representation of families who are receiving services within the county system.

B. 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.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant funds:

Court to Community/Title V Grant Fund- This fund receives funds for the purpose of the grant provisions.

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Family Supportive Services/Flex Fund - This fund receives funds for the purpose of the grant provisions.

Children's Trust Fund Grant Fund-- This fund receives funds for the purpose of the grant provisions.

Partnerships for Success Fund-- This fund receives funds for the purpose of the grant provisions.

D. Fiscal Agent

The Council designated the Ross County Auditor as the fiscal agent for all funds received in the name of the Council. The Council designated the Ross County Department of Job and Family Services as its administrative agent.

E. Budgetary Process

The Council is required by law to submit a budget annually to its administrative agent, the County Auditor, and the Ross County Board of County Commissioners. The Council adopted their budget at the object level. The Council follows the same encumbrance method of accounting as its administrative agent. A summary of budgetary activity appears in Note 3.

2. EQUITY IN POOLED CASH

The fiscal agent maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits with the fiscal agent at December 31 was as follows:

<u>2004</u>	<u>2003</u>
\$38,039	\$44,404

Deposits: The Demand Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the period ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,860	\$77,214	\$19,354
Special Revenue	139,266	141,896	2,630
Total	\$197,126	\$219,110	\$21,984

**FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,790	\$73,573	\$2,217
Special Revenue	158,387	152,022	6,365
Total	\$234,177	\$225,595	\$8,582

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,921	\$86,901	(\$20)
Special Revenue	255,049	160,716	(94,333)
Total	\$341,970	\$247,617	(\$94,353)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,001	\$94,894	\$72,107
Special Revenue	275,049	226,465	48,584
Total	\$442,050	\$321,359	\$120,691

4. NEGATIVE FUND BALANCE - SPECIAL REVENUE FUNDS

The Council's Special Revenue Funds at December 31, 2004 indicates a negative fund balance of \$443. This is due to the requirement by the Partnership for Success and State Collaborative Grant that invoices must be submitted from the Council prior to receiving reimbursement. Therefore a negative fund balance in the Special Revenue Funds indicates a timing difference of the expending funds versus the related reimbursement.



**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
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Ross County, Ohio, (the Council) as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated March 29, 2005. 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 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*.

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Family and Children First Council
Ross County
Independent Accountants' Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, and the Members of 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

March 29, 2005



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

ROSS 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 2, 2005**