

Family and Children First Council

Vinton County, Ohio

Regular Audit

January 1, 2003 through December 31, 2004

Years Audited Under GAGAS: 2004 and 2003

BALESTRA, HARR & SCHERER CPAs, INC.

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**Auditor of State
Betty Montgomery**

Council Members
Vinton County Family and Children First Council
P.O. Box 305
State Route 93
McArthur, Ohio 45651

We have reviewed the *Independent Auditor's Report* of the Vinton County Family and Children First Council, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. 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 *Independent Auditor's Report* 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 *Independent Auditor's Report* 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 Vinton County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 29, 2005

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Vinton County, Ohio
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For the Years Ended December 31, 2004 and 2003

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Independent Auditor's Report

Family and Children First Council
Vinton County, Ohio
PO Box 305, State Route 93
McArthur, Ohio 45651

We have audited the accompanying financial statements of the Family and Children First Council, Vinton 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 obtain reasonable assurance about 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 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 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 December 31, 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, 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 Council, as of the December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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Vinton County, Ohio
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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 August 26, 2005, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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.



Balestra, Harr & Scherer, CPAs, Inc.
August 26, 2005

Family and Children First Council
Vinton County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2004

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$18,800	\$192,405	\$211,205
Other Receipts	6,600	20,000	26,600
Total Cash Receipts	25,400	212,405	237,805
Cash Disbursements:			
Current:			
Salaries/Benefits	22,931	123,288	146,219
Travel Expense	1,027	6,596	7,623
Conference/Training	140	1,041	1,181
Rent/Utilities/Other	1,562	10,361	11,923
Equipment	0	39,727	39,727
Office Supplies/Postage	772	795	1,567
Contracted Services	0	23,905	23,905
Parent Involvement	0	2,256	2,256
Intergovernmental Disbursements	900	15,233	16,133
Total Cash Disbursements	27,332	223,202	250,534
Total Cash Receipts Over/(Under) Cash Disbursements	(1,932)	(10,797)	(12,729)
Other Financing Receipts/(Disbursements):			
Advances In	0	165	165
Advances Out	0	(165)	(165)
Total Other Financing Receipts/(Disbursements)	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,932)	(10,797)	(12,729)
Fund Cash Balance, January 1	24,953	99,621	124,574
Fund Cash Balance, December 31	<u>\$23,021</u>	<u>\$88,824</u>	<u>\$111,845</u>

See accompanying notes to the financial statements

Family and Children First Council
Vinton County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances
All Governmental Funds
For the Year Ended December 31, 2003

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$20,000	\$293,216	\$313,216
Other Receipts	33,000	20,002	53,002
Total Cash Receipts	53,000	313,218	366,218
Cash Disbursements:			
Current:			
Salaries/Benefits	48,426	150,651	199,077
Travel Expense	0	6,559	6,559
Conference/Training	0	3,815	3,815
Rent/Utilities/Other	4,361	9,963	14,324
Equipment	0	27,490	27,490
Office Supplies/Postage	1,123	3,471	4,594
Contracted Services	0	112,733	112,733
Parent Involvement	0	20,592	20,592
Intergovernmental Disbursements	0	2,041	2,041
Total Cash Disbursements	53,910	337,315	391,225
Total Cash Receipts Over/(Under) Cash Disbursements	(910)	(24,097)	(25,007)
Other Financing Receipts/(Disbursements):			
Other Financing Sources	144	0	144
Advances In	0	24,247	24,247
Advances Out	0	(11,621)	(11,621)
Total Other Financing Receipts/(Disbursements)	144	12,626	12,770
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(766)	(11,471)	(12,237)
Fund Cash Balance, January 1	25,719	111,092	136,811
Fund Cash Balance, December 31	\$24,953	\$99,621	\$124,574

See accompanying notes to the financial statements

Family and Children First Council
Vinton County, Ohio
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

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 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:

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 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 numbers of pupils residing in the County, as determined 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;
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.

Family and Children First Council
Vinton County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Description of the Entity (Continued)

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, 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";
4. Maintain an accountability 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 board representation of families who are receiving services within the County system.

The Vinton County Family and Children First Council was organized with the statutory membership on July 5, 1995.

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

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 and investments that are 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 restricted by law or contract.

2. 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 Funds:

Family and Children First Council
Vinton County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Stability Grant Fund – This fund receives State and Federal monies to provide community-based programs to promote family stability.

Help Me Grow Fund – This fund receives a blended pool of State and Federal grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

D. Administrative Agent and Fiscal Agent

The District Board of Health of Vinton County is the designated administrative agent for the Council. The Vinton County Auditor is the designated fiscal agent for the District Board of Health. The Council's fund is maintained by the District Board of Health in an agency fund.

2. EQUITY IN POOLED CASH

The Council's cash is maintained by the Vinton County Auditor. The Ohio Rev. Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2004 and 2003, the Council's share of the District's cash pool was as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	<u>\$111,845</u>	<u>\$124,574</u>

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$6,998	\$25,400	\$18,402
Special Revenue	182,588	212,405	29,817
Total	\$189,586	\$237,805	\$48,219

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,950	\$27,332	\$4,618
Special Revenue	286,062	223,202	62,860
Total	\$318,012	\$250,534	\$67,478

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,714	\$53,144	\$3,430
Special Revenue	276,996	313,218	36,222
Total	\$326,710	\$366,362	\$39,652

Family and Children First Council
Vinton County, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

3. BUDGETARY ACTIVITY (CONTINUED)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,947	\$53,910	\$2,037
Special Revenue	355,399	337,315	18,084
Total	\$411,346	\$391,225	\$20,121

4. ADVANCES

Advances in and advances out represent funds borrowed from the Vinton County Board of Health and the repayment of those advances. The Council was advanced \$12,626 from the Vinton County Board of Health in 2003, which had not been repaid as of December 31, 2004.

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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, in any, would not be material.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Family and Children First Council
Vinton County, Ohio
PO Box 305, State Route 93
McArthur, Ohio 45651

We have audited the accompanying financial statements of the Family and Children First Council, Vinton County, Ohio, (the Council) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 26, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes or permits 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine 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 the internal control over financial reporting 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 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, and grant agreements, 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*.

We noted certain matters which we reported to the management of Council in a separate letter dated August 26, 2005.

This report is intended solely for the information and use of management, members of the Board, 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.



Balestra, Harr & Scherer, CPAs, Inc.
August 26, 2005



**Auditor of State
Betty Montgomery**

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VINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

VINTON 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
DECEMBER 13, 2005**