



**Auditor of State
Betty Montgomery**

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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**Auditor of State
Betty Montgomery**

Carroll Family and Children First Council
Carroll County
55 E. Main Street
Carrollton, OH 44615

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.

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

Betty Montgomery
Auditor of State

December 29, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Carroll Family and Children First Council
Carroll County
55 E. Main Street
Carrollton, OH 44615

To the Council:

We have audited the accompanying financial statements of Carroll Family & Children First Council, Carroll County, (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 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 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 Carroll Family & Children First Council, Carroll County, 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 December 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. 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

December 29, 2005

CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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	\$18,800	\$85,418	104,218
Other Revenue	328	7,500	7,828
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	19,128	92,918	112,046
Cash Disbursements:			
Personnel	24,492	42,484	66,976
Contract Services	1,209	35,720	36,929
Supplies	53	1,086	1,139
Expenses	777	607	1,384
Rent/Utilities	0	16,204	16,204
Other/Miscellaneous	5,847	0	5,847
Incentives	0	266	266
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	32,378	96,367	128,745
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(13,250)	(3,449)	(16,699)
Other Financing Receipts and (Disbursements):			
Transfers-In	500		500
Transfers-Out		(500)	(500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	500	(500)	0
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(12,750)	(3,949)	(16,699)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	69,836	(10,235)	59,601
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$57,086	(\$14,184)	\$42,902

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

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
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	\$25,847	\$445,469	471,316
Other Revenue	17	5,000	5,017
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	25,864	450,469	476,333
Cash Disbursements:			
Personnel	17,053	133,040	150,093
Contract Services	16,983	247,453	264,436
Supplies	101	3,711	3,812
Expenses	1,312	19,128	20,440
Rent/Utilities	857	26,811	27,668
Administration	0	5,847	5,847
Capital Outlay	1,054	16,357	17,411
Other/Miscellaneous	0	3,637	3,637
Incentives	19,186	892	20,078
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	56,546	456,876	513,422
Total Receipts (Under) Disbursements	<hr/>	<hr/>	<hr/>
	(30,682)	(6,407)	(37,089)
Other Financing Receipts and (Disbursements):			
Transfers-In	12,233	145	12,378
Transfers-Out		(12,379)	(12,379)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	12,233	(12,234)	(1)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(18,449)	(18,641)	(37,090)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	88,285	8,406	96,691
Fund Cash Balances, December 31	<hr/> \$69,836	<hr/> (\$10,235)	<hr/> \$59,601

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

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 Council and permitted counties to establish county family and children first councils. Statutory membership of 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 job and family 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 district 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 interest 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.

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council 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. Participate in the development of a county wide, 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad presentation of families who are receiving services within the county system.

The Carroll County Families and Children First Council was organized with the statutory membership on October 1, 1996. 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 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. Cash and Investments

No investments were held by the Council during the current audit period.

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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 required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The grants included in the Special Revenue Funds are the Wellness Block Grant, Family Stability, YES Program, Employment Preparation, Help Me Grow, Technology Center, Training & Quality Control.

E. Budgetary Process

The Ohio Revised Code requires that Council file an annual budget with its administrative agent, with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by State departments in rules or interagency agreements that are applicable to the Council's functions.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Council.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Council maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Deposits with Carroll County Treasurer	\$42,902	\$59,601

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by financial institutions public entity deposit pool.

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,628	\$19,628	\$0
Special Revenue	92,918	92,918	0
Total	\$112,546	\$112,546	\$0

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,050	\$32,378	(\$1,328)
Special Revenue	112,613	96,867	15,746
Total	\$143,663	\$129,245	\$14,418

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,096	\$38,096	\$0
Special Revenue	450,614	450,614	0
Total	\$488,710	\$488,710	\$0

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,548	\$56,546	\$6,002
Special Revenue	467,026	469,256	(2,230)
Total	\$529,574	\$525,802	\$3,772

**CARROLL FAMILY & CHILDREN FIRST COUNCIL
CARROLL COUNTY**

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

4. RETIREMENT SYSTEMS

The Council's employee belongs to the Ohio Public Employees Retirement System (OPERS) of Ohio, OPERS is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participant's gross salary for 2004 and 2003. The Council has paid all contributions required through December 31, 2004.

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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*

Carroll Family & Children First Council
Carroll County
55 E. Main Street
Carrollton, OH 44615

To the Council:

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

Carroll Family & Children First Council
Carroll 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 the management, and 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

December 29, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

CARROLL FAMILY & CHILDREN FIRST COUNCIL

CARROLL 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
JANUARY 12, 2006**