



***FAMILY AND CHILDREN FIRST COUNCIL,  
ROSS COUNTY***

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**Regular Audit**

**For the Years Ended December 31, 2006 and 2005**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Mary Taylor, CPA

Auditor of State

Family and Children First Council  
475 Western Avenue, Suite B  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Family and Children First Council, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 Family and Children First Council is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 16, 2007

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***FAMILY AND CHILDREN FIRST COUNCIL, ROSS COUNTY***

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**For the Years Ended December 31, 2006 and 2005**

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## Independent Auditor's Report

Family and Children First Council  
Ross County  
475 Western Avenue, Suite B  
Chillicothe, OH 45601

We have audited the accompanying financial statements of the Family and Children First Council, Ross County (the Council) as of and for the years ended December 31, 2006 and 2005. 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 of America. 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 2, the Council 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, 2006 and 2005. Instead of the combined funds the accompanying financial statements present 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Board of Trustees  
Ross County Family and Children First Council  
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Council, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 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, 2006 and 2005. 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 a report dated July 5, 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 and grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

July 5, 2007



**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, 2006**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$82,124	\$146,267	\$228,391
Total Cash Receipts	<u>82,124</u>	<u>146,267</u>	<u>228,391</u>
<b><u>Cash Disbursements:</u></b>			
Contract Services	60,658	0	60,658
Children's Trust Fund	0	23,233	23,233
Youth Services Development	0	76,768	76,768
Family Support Services - FAST	0	30,923	30,923
Access to Better Care	0	5,681	5,681
Cluster Flexible Funds	0	5,984	5,984
Total Cash Disbursements	<u>60,658</u>	<u>142,589</u>	<u>203,247</u>
Total Cash Receipts Over Cash Disbursements	21,466	3,678	25,144
Fund Cash Balances, January 1	<u>19,202</u>	<u>33,426</u>	<u>52,628</u>
<b><i>Fund Cash Balances, December 31</i></b>	<u><u>\$40,668</u></u>	<u><u>\$37,104</u></u>	<u><u>\$77,772</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$20</u></u>	<u><u>\$0</u></u>	<u><u>\$20</u></u>

See accompanying notes to the financial statements.

**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, 2005**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts</u></b>			
Intergovernmental	\$82,404	\$180,670	\$263,074
Total Cash Receipts	<u>82,404</u>	<u>180,670</u>	<u>263,074</u>
<b><u>Cash Disbursements:</u></b>			
Contract Services	101,684	0	101,684
Children's Trust Fund	0	20,235	20,235
Partnership for Success	0	36,725	36,725
Youth Services Development	0	42,784	42,784
Family Support Services - FAST	0	4,557	4,557
Cluster Flexible Funds	0	42,500	42,500
Total Cash Disbursements	<u>101,684</u>	<u>146,801</u>	<u>248,485</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(19,280)	33,869	14,589
Fund Cash Balances, January 1	<u>38,482</u>	<u>(443)</u>	<u>38,039</u>
<b><i>Fund Cash Balances, December 31</i></b>	<u><u>\$19,202</u></u>	<u><u>\$33,426</u></u>	<u><u>\$52,628</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$256</u></u>	<u><u>\$234</u></u>	<u><u>\$490</u></u>

See accompanying notes to the financial statements.

**FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 1 – Reporting Entity**

*Description of the Entry*

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children and 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.

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.

**FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 1 – Reporting Entity** – (Continued)

A county council's statutory responsibilities include the following:

- a. Refer to the council cabinet those children of 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 board representation of families who are receiving services within the county system.

**Note 2 – Summary of Significant Accounting Policies**

**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.

**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:

**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.

**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 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.

**FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 2 – Summary of Significant Accounting Policies** - (Continued)

**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.

**Budgetary Process**

The Council is required by law to submit a budget annually to its administrative agent, the Ross County Auditor, and the Ross County Board of 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 4.

**Note 3 – Cash and Investments**

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:

	December 31, 2006	December 31, 2005
Demand Deposits	\$77,772	\$52,628

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

**Note 4 – Budgetary Basis of Accounting**

Budgetary activity for the period ended December 31, 2006, and December 31, 2005, follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$79,680	\$82,124	\$2,444
Special Revenue	178,690	146,267	(32,423)
<i>Total</i>	\$258,370	\$228,391	(\$29,979)

2006 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,424	\$60,678	\$21,746
Special Revenue	160,690	142,589	18,101
<i>Total</i>	\$243,114	\$203,267	\$39,847

**FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 4 – Budgetary Basis of Accounting** – (Continued)

2005 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$85,147	\$82,404	(\$2,743)
Special Revenue	158,700	180,670	21,970
<i>Total</i>	<u>\$243,847</u>	<u>\$263,074</u>	<u>\$19,227</u>

2005 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$111,902	\$101,940	\$9,962
Special Revenue	147,881	147,035	826
<i>Total</i>	<u>\$259,783</u>	<u>\$248,975</u>	<u>\$10,788</u>

**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, OH 45601

We have audited the accompanying financial statements of Family and Children First Council, Ross County, Ohio (the Council) , as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 5, 2007, wherein we noted that 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Council's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Council's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

**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 grants, 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 for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

July 5, 2007





**Mary Taylor, CPA**  
Auditor of State

**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  
AUGUST 28, 2007**