



**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 & 2003



**Auditor of State
Betty Montgomery**

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

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**Auditor of State
Betty Montgomery**

Geauga County Family and Children First Council
Geauga County
12480 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

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 cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 15, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Geauga County Family and Children First Council
Geauga County
12480 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the accompanying financial statements of the Geauga County Family and Children First Council, Geauga 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 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 year ended December 31, 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 fund cash balances of the Geauga County Family and Children First Council, Geauga 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.

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 July 15, 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

July 15, 2005

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<u>GENERAL FUND</u>	<u>GENERAL FUND</u>
	<u>2004</u>	<u>2003</u>
Cash Receipts:		
Intergovernmental Revenue	\$332,688	\$369,448
Local Agency Contributions	959,209	884,492
Miscellaneous Revenue	19,519	19,635
	<u>1,311,416</u>	<u>1,273,575</u>
Cash Disbursements:		
Salaries - Employees	121,278	130,673
Office Supplies/Postage	759	266
Purchased Services	1,178,577	1,205,336
Other	14,675	45,476
Travel	1,477	1,424
	<u>1,316,766</u>	<u>1,383,175</u>
Excess of Cash Receipts Over/Under Cash Disbursements	(5,350)	(109,600)
Beginning Fund Cash Balances	<u>335,505</u>	<u>445,105</u>
Ending Fund Cash Balances	<u>\$330,155</u>	<u>\$335,505</u>

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

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**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA 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 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 serve 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 jobs 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 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 Ohio 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"; and
- 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.

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
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 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 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 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purpose; and
- f. Establish a mechanism to ensure 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.

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The Council 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 are reflected in a self-balancing group of accounts.

1. General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources. The Council had the following significant sources of funding:

Intergovernmental Receipts - Funds received from the Administration Grant, Wellness Block Grant, IV-E Grant, Intersystems Collaborative for Youth Funds, Family Stability Grant, Welcome Home Grant and Reclaim Ohio Funds.

Local Agency Contributions - Local monies contributed by Geauga County Agencies including: Board of Mental Health, Alcohol and Drug Addiction Services; Children Services Board; Geauga County Juvenile Court; Human Services; Board of MR/DD and Board of Commissioners. The amount provided by each agency is based on the Council's annual budget and the amount of funding needed to fulfill Council obligations.

D. Fiscal Agent

The Geauga County Auditor serves as the fiscal agent for the Council. The Council's fund is maintained in a separate county agency fund, County Cluster Fund.

E. Contracted Services

The Case Coordinator is an employee of Geauga County Jobs and Family Services. The funds used to reimburse his services are derived from the Administrative Grant and Local Agency Contributions received by the Council and maintained in the Council's general fund.

F. Property, Plant, and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid and are not reflected as assets on the accompanying financial statements. During the audit period, the Council did not purchase such assets.

G. Finance Committee

The Council's Finance Committee consists of five (5) members of the Council who meet in the fall.

H. Budgetary Process

The Council is not subject to Ohio Budgetary law as it is not a taxing subdivision.

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

As required by Ohio Revised Code, the Council's cash is held and invested by the Geauga County Treasurer, who acts as custodian for Council's monies. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. The Council's carrying amount of cash on deposit with the County at December 31, 2004 was \$330,155 and at December 31, 2003 was \$335,505.

3. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This 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 participants' gross salaries for 2004 and 2003. The Council has paid all contributions required through December 31, 2004.



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

Geauga County Family and Children First Council
Geauga County
12480 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

We have audited the financial statements of the Geauga County Family and Children First Council, Geauga 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 July 15, 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 in order 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*.

Geauga County Family and Children First Council
Geauga 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 finance/audit committee, management, and the Board of Trustees. 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

July 15, 2005



**Auditor of State
Betty Montgomery**

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GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

GEAUGA 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 9, 2005**