

Family and Children First Council

Gallia County

Regular Audit

January 1, 2003 through December 31, 2004

Fiscal Years Audited Under GAGAS: 2004 and 2003

BALESTRA, HARR & SCHERER CPA's, INC.  
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**Auditor of State  
Betty Montgomery**

Gallia County Family and Children First Council  
53 Shawnee Ln.  
P.O. Box 514  
Gallipolis, OH 45631

We have reviewed the *Independent Auditor's Report* of the Gallia 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.

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 Gallia County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

March 2, 2006

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**FAMILY AND CHILDREN FIRST COUNCIL  
GALLIA COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Family and Children First Council  
Gallia County  
53 Shawnee Lane, P.O. Box 514  
Gallipolis, Ohio 45631

To the Family and Children First Council:

We have audited the accompanying financial statements of the governmental activities and each major fund of the Family and Children First Council, Gallia County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions 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 opinions.

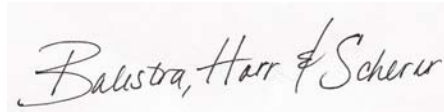
As discussed in Note 2, the Council prepares financial statements on the cash accounting basis, which is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and each major fund of the Family and Children First Council, Gallia County, Ohio, as of December 31, 2004 and 2003, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund, the Wellness Block Grant Fund, the Family Stability Incentive Grant Fund, the Children's Trust Funds Grant Fund, the Help Me Grow Grant Fund, and the Partnerships for Success Initiative Grant Fund for the Council thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2004 and 2003, the Council revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Balestra, Harr & Scherer, CPAs, Inc  
July 26, 2005

## **GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

### Management's Discussion and Analysis

For the Years Ended December 31, 2004 and December 31, 2003

Unaudited

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The discussion and analysis of the Gallia County Family and Children First Council' (the Council) financial performance provides an overall review of the Council's financial activities for the years ended December 31, 2004 and December 31, 2003, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Council's financial performance.

### **Financial Highlights**

Key financial highlights for the years 2004 and 2003 are as follows:

#### **2004**

- Net assets decreased \$23,828.
- The Council had receipts for 2004 equaling \$422,898 plus carry-over cash balance from 2002 of \$65,652. Cash disbursements for the same period equaled \$ 446,726. The ending net assets were \$41,824.

#### **2003**

- Net assets increased \$29,651.
- The Council had receipts for 2003 equaling \$657,278 plus carry-over cash balance from 2002 of \$36,001. Cash disbursements for the same period equaled \$ 627,627. The ending net assets were \$65,652.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Gallia County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on a cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.



**GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

Management's Discussion and Analysis

For the Years Ended December 31, 2004 and December 31, 2003

Unaudited

**Report the Council as a Whole**

Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all financial transactions and asks the question, "How did we do financially?" The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer this question. These two statements report the Council's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Council as a whole, the financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

In the Statement of Net Assets and the Statement of Activities, all of the Council's activities are considered to be Governmental Activities.

- Governmental Activities – The Council's only program and associated services are reported here.

**Reporting the Council's Fund Financial Statements**

Fund Financial Statements

The analysis of the Council's major funds begins on page 11. Fund financial statements provide detailed information about the Council. The Council's activities are reported in the fund financial statements, which focus on how money flows and the balance left at year-end available for spending in future periods. These fund financial statements are reported on a cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council's mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council's most significant funds with any other non-major fund presented in total in one column. For the Council, the General Fund, the Wellness Block Grant Fund, the Family Stability Incentive Grant Fund, the Children's Trust Funds Grant Fund, the Help Me Grow Grant Fund and the Partnership for Success Initiative Grant Funds are all reported as major funds. No non-major funds are reported.

**The Council as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Council as a whole. Table 1 provides a summary of the Council's net assets for 2004 compared to 2003 and 2003 compared to 2002 .

**Table 1**  
**Net Assets**

	2004	2003	2002
<b>ASSETS:</b>			
Cash Equivalents	\$ 41,824	\$ 65,652	\$36,001
<b>NET ASSETS:</b>			
Restricted for Other	29,194	47,555	13,952
Unrestricted	12,630	18,097	22,049
<b>Total net assets</b>	<b>\$ 41,824</b>	<b>\$65,652</b>	<b>\$36,001</b>

**GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

Management's Discussion and Analysis

For the Years Ended December 31, 2004 and December 31, 2003

Unaudited

**2004**

Total assets decreased \$23,828. The decrease is due primarily to the difference between the Funding fiscal year (July 1 through June 30) and the audited calendar year and the decrease in funding at both the state and federal level.

**2003**

Total assets increased \$29,651. The increase is due primarily to an increase in funding in 2003.

Table 2 shows the changes in net assets for the year ended December 31, 2004 and 2003. Since this is the first time the Gallia County Family and Children First Council has prepared financial statements following GASB Statement 34, receipt and disbursement comparisons to year 2002 are not shown. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities</b>		
	<b>2004</b>	<b>2003</b>	<b>Increase (Decrease)</b>
<b>CASH RECEIPTS:</b>			
Program Cash Receipts			
Operating Grants and Contributions	\$422,898	\$657,278	(\$234,380)
<b>Total Cash Receipts</b>	422,898	\$657,278	(\$234,380)
<b>CASH DISBURSEMENTS:</b>			
Family Assistance	446,726	627,627	(180,901)
<b>Total Cash Disbursements</b>	446,726	627,627	(180,901)
<b>CHANGE IN NET ASSETS:</b>	(23,828)	29,651	(53,479)
<b>NET ASSETS BEGINNING OF YEAR</b>	65,652	36,001	29,651
<b>NET ASSETS END OF YEAR</b>	\$41,824	\$65,652	(\$23,828)

The receipts decreased \$234,380 or 35.66%. This decrease is mainly due to decreased funding from the federal and state government.

The disbursements decreased \$180,901 or 28.82%. This decrease is mainly due to the decrease in federal and state funding as mentioned above and budget cuts were made due to the decrease in funding.

The Statement of Activities shows the cost of program services and the operating grants and contributions offsetting those services. Tables 3.1 and 3.2 show the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by property tax receipts and unrestricted state entitlements. Comparisons to 2002 have not been made since 2003 was the initial implementation year.

**GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

Management's Discussion and Analysis

For the Years Ended December 31, 2004 and December 31, 2003

Unaudited

**2004**

**Table 3.1  
Governmental Activities**

	<u><b>Total Cost of Services 2004</b></u>	<u><b>Net Cost of Services 2004</b></u>
Family and Children Services:		
Salaries	\$62,004	(\$538)
Benefits	23,329	(1,697)
Travel	2,316	2,316
Contracts – Services	339,754	15,600
Administrative	6,000	6,000
Other	13,323	2,147
<b>Total Disbursements</b>	<u><u>\$446,726</u></u>	<u><u>\$23,828</u></u>

**2003**

**Table 3.2  
Governmental Activities**

	<u><b>Total Cost of Services 2003</b></u>	<u><b>Net Cost of Services 2003</b></u>
Family and Children Services:		
Salaries	\$60,209	(\$5,519)
Benefits	21,924	(258)
Travel	1,812	1,812
Contracts – Services	534,536	(34,832)
Administrative	6,000	6,000
Other	3,146	3,146
<b>Total Disbursements</b>	<u><u>\$627,627</u></u>	<u><u>(\$29,651)</u></u>

**The Council's Fund Financial Statements**

**2004**

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$422,898 and disbursements of \$446,726. The financial statements had a decrease in the cash balance of \$23,828 from the 2003 year-end cash balance, mainly due to the budget cuts made by the federal and state governments.

The General Fund had a decline in fund cash balance of \$5,467. The Help Me Grow Grant Fund had a decline in fund cash balance of \$30,516. The Children's Trust Fund Grant Fund had a decline in fund cash balance of \$631. The Partnership for Success Initiative Grant Fund had an increase in fund cash balance of \$12,786.

## **GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

### Management's Discussion and Analysis

For the Years Ended December 31, 2004 and December 31, 2003

Unaudited

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#### **2003**

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$657,278 and disbursements of \$627,627. The financial statements had an increase in the cash balance of \$29,651 from the 2002 year-end cash balance, mainly due to an increase in funding.

The General Fund had a decline in fund cash balance of \$3,952. The Family Stability Incentive Grant Fund was closed out during 2003. The Children's Trust Funds Grant Fund had an increase in fund cash balance of \$5,640. The Help Me Grow Grant Fund had an increase of fund cash balance of \$30,963. The Partnerships for Success Initiative Grant Fund had an increase in fund cash balance of \$1,816.

#### **Economic Factors**

The receipts of the Council have changed with the ending of programs and the starting of others. During this audit period the three programs that have ended are Wellness Block Grant, Family Stability Initiative Fund and Welcome Home. The Council services the residents of Gallia County.

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

#### **Capital Assets and Debt Administration**

The Council has no capital assets and no debt.

#### **Budgetary Highlights**

The Council made no revisions to the original appropriations. The Council was able to adequately control budgeted versus actual cash receipts and disbursements without any significant variations for both 2004 and 2003.

#### **Contacting the Council's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact R. Rosalee Walker, Fiscal Officer, at Gallia-Jackson-Meigs Board of Alcohol, Drug Addiction and Mental Health Services (Administrative Agency for the Council), 53 Shawnee Lane, Gallipolis, Ohio 45631.

**Gallia County Family and Children First Council**  
**Statements of Net Assets - Cash Basis**  
**As of December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
<b>Assets</b>		
Cash Equivalents	<u>\$41,824</u>	<u>\$65,652</u>
Total Assets	<u>41,824</u>	<u>65,652</u>
<b>Net Assets</b>		
Restricted for Other	29,194	47,555
Unrestricted	<u>12,630</u>	<u>18,097</u>
Total Net Assets	<u><u>\$41,824</u></u>	<u><u>\$65,652</u></u>

See accompanying notes to the basic financial statements

**Gallia County Family and Children First Council**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2004**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash</u> <u>Receipts</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements) Receipts</u> <u>and Changes in</u> <u>Net Assets</u> <u>Governmental Activities</u>
Governmental Activities:			
Family Assistance:			
Salaries	\$62,004	\$62,542	\$538
Benefits	23,329	25,026	1,697
Travel	2,316	0	(2,316)
Contracts-Services	339,754	324,154	(15,600)
Administrative	6,000	0	(6,000)
Other	13,323	11,176	(2,147)
<i>Total Governmental Activities</i>	<u>\$446,726</u>	<u>\$422,898</u>	<u>(\$23,828)</u>
			(23,828)
			<u>65,652</u>
			<u>\$41,824</u>

See accompanying notes to the basic financial statements

**Gallia County Family and Children First Council**  
**Statement of Activities - Cash Basis**  
**For the Year Ended December 31, 2003**

	<b>Cash Disbursements</b>	<b>Program Cash Receipts Operating Grants and Contributions</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
			<b>Governmental Activities</b>
Governmental Activities:			
Family Assistance:			
Salaries	\$60,209	\$65,728	\$5,519
Benefits	21,924	22,182	258
Travel	1,812	0	(1,812)
Contracts-Services	534,536	569,368	34,832
Administrative	6,000	0	(6,000)
Other	3,146	0	(3,146)
<i>Total Governmental Activities</i>	<b>\$627,627</b>	<b>\$657,278</b>	<b>\$29,651</b>
<i>Change in Net Assets</i>			29,651
<i>Net Assets Beginning of Year</i>			36,001
<i>Net Assets End of Year</i>			<b>\$65,652</b>

See accompanying notes to the basic financial statements

**Gallia County Family and Children First Council**  
**Statements of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds**  
**As of December 31, 2004 and 2003**

	2004				
	General	Children's Trust Funds Grant	Help Me Grow Grant	Partnerships for Success Initiative Grant	Total Governmental Funds
<b>Cash Basis Assets</b>					
Cash Equivalents	\$ 12,630	\$ 6,494	\$ 4,156	\$ 18,544	\$ 41,824
Total Cash Basis Assets	12,630	6,494	4,156	18,544	41,824
<b>Cash Basis Fund Balances</b>					
Unreserved, Undesignated - Reported in General Fund	12,630	-	-	-	12,630
Unreserved, Undesignated - Reported in Special Revenue Funds	-	6,494	4,156	18,544	29,194
Total Cash Basis Fund Balances	<u>\$ 12,630</u>	<u>\$ 6,494</u>	<u>\$ 4,156</u>	<u>\$ 18,544</u>	<u>\$ 41,824</u>

	2003						
	General	Wellness Block Grant	Family Stability Incentive Grant	Children's Trust Funds Grant	Help Me Grow Grant	Partnerships for Success Initiative Grant	Total Governmental Funds
<b>Cash Basis Assets</b>							
Cash Equivalents	\$ 18,097	\$ -	\$ -	\$ 7,125	\$ 34,672	\$ 5,758	\$ 65,652
Total Cash Basis Assets	18,097	-	-	7,125	34,672	5,758	65,652
<b>Cash Basis Fund Balances</b>							
Unreserved, Undesignated - Reported in General Fund	18,097	-	-	-	-	-	18,097
Unreserved, Undesignated - Reported in Special Revenue Funds	-	-	-	7,125	34,672	5,758	47,555
Total Cash Basis Fund Balances	<u>\$ 18,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,125</u>	<u>\$ 34,672</u>	<u>\$ 5,758</u>	<u>\$ 65,652</u>

See accompanying notes to the basic financial statements



**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Governmental Funds**

**For the Year Ended December 31, 2004**

	<u>General</u>	<u>Children's Trust Funds Grant</u>	<u>Help Me Grow Grant</u>	<u>Partnerships for Success Initiative Grant</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>					
Grants	\$ 18,800	\$ 15,000	\$ 319,294	\$ 69,804	\$ 422,898
Total Cash Receipts	<u>18,800</u>	<u>15,000</u>	<u>319,294</u>	<u>69,804</u>	<u>422,898</u>
<b>Cash Disbursements:</b>					
Current:					
Salaries	10,213	1,001	21,519	29,271	62,004
Benefits	3,649	380	8,597	10,703	23,329
Travel	1,511	-	-	805	2,316
Contract - Services	-	14,250	319,694	5,810	339,754
Administrative	6,000	-	-	-	6,000
Other	2,894	-	-	10,429	13,323
Total Disbursements	<u>24,267</u>	<u>15,631</u>	<u>349,810</u>	<u>57,018</u>	<u>446,726</u>
Total Cash Receipts Over/(Under)					
Cash Disbursements	<u>(5,467)</u>	<u>(631)</u>	<u>(30,516)</u>	<u>12,786</u>	<u>(23,828)</u>
Fund Cash Balances, January 1	<u>18,097</u>	<u>7,125</u>	<u>34,672</u>	<u>5,758</u>	<u>65,652</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 12,630</u></u>	<u><u>\$ 6,494</u></u>	<u><u>\$ 4,156</u></u>	<u><u>\$ 18,544</u></u>	<u><u>\$ 41,824</u></u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
Governmental Funds**

**For the Year Ended December 31, 2003**

	<u>General</u>	<u>Wellness Block Grant</u>	<u>Family Stability Incentive Grant</u>	<u>Children's Trust Funds Grant</u>	<u>Help Me Grow Grant</u>	<u>Partnerships for Success Initiative Grant</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>							
Grants	\$ 20,000	\$ 86,675	\$ 69,431	\$ 12,500	\$ 410,339	\$ 58,333	\$ 657,278
Total Cash Receipts	<u>20,000</u>	<u>86,675</u>	<u>69,431</u>	<u>12,500</u>	<u>410,339</u>	<u>58,333</u>	<u>657,278</u>
<b>Cash Disbursements:</b>							
Current:							
Salaries	10,158	5,757	14,658	458	17,117	12,061	60,209
Benefits	3,703	2,097	5,342	167	6,238	4,377	21,924
Travel	945	-	-	-	-	867	1,812
Contract - Services	-	78,821	54,246	6,235	356,021	39,213	534,536
Administrative	6,000	-	-	-	-	-	6,000
Other	3,146	-	-	-	-	-	3,146
Total Disbursements	<u>23,952</u>	<u>86,675</u>	<u>74,246</u>	<u>6,860</u>	<u>379,376</u>	<u>56,518</u>	<u>627,627</u>
Total Cash Receipts Over/(Under)							
Cash Disbursements	<u>(3,952)</u>	<u>-</u>	<u>(4,815)</u>	<u>5,640</u>	<u>30,963</u>	<u>1,815</u>	<u>29,651</u>
Fund Cash Balances, January 1	<u>22,049</u>	<u>-</u>	<u>4,815</u>	<u>1,485</u>	<u>3,709</u>	<u>3,943</u>	<u>36,001</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 18,097</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,125</u></u>	<u><u>\$ 34,672</u></u>	<u><u>\$ 5,758</u></u>	<u><u>\$ 65,652</u></u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
General Fund**

**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 18,605	\$ 18,605	\$ 18,800	\$ 195
Total Expenditures and Other Uses	25,451	25,451	24,267	1,184
Net Change in Fund Balance	(6,846)	(6,846)	(5,467)	1,379
Fund Balance, January 1, 2004	18,097	18,097	18,097	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2004	<u>\$ 11,251</u>	<u>\$ 11,251</u>	<u>\$ 12,630</u>	<u>\$ 1,379</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Children's Trust Funds Grant Fund**

**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 14,845	\$ 14,845	\$ 15,000	\$ 155
Total Expenditures and Other Uses	16,393	16,393	15,631	762
Net Change in Fund Balance	(1,548)	(1,548)	(631)	917
Fund Balance, January 1, 2004	7,125	7,125	7,125	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2004	<u>\$ 5,577</u>	<u>\$ 5,577</u>	<u>\$ 6,494</u>	<u>\$ 917</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Help Me Grow Grant Fund**

**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 315,984	\$ 315,984	\$ 319,294	\$ 3,310
Total Expenditures and Other Uses	366,871	366,871	349,810	17,061
Net Change in Fund Balance	(50,887)	(50,887)	(30,516)	20,371
Fund Balance, January 1, 2004	3,458	3,458	3,458	-
Prior Year Encumbrances Appropriated	31,214	31,214	31,214	-
Fund Balance, December 31, 2004	<u>\$ (16,215)</u>	<u>\$ (16,215)</u>	<u>\$ 4,156</u>	<u>\$ 20,371</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Partnerships for Success Initiative Grant Fund**

**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 69,080	\$ 69,080	\$ 69,804	\$ 724
Total Expenditures and Other Uses	59,799	59,799	57,018	2,781
Net Change in Fund Balance	9,281	9,281	12,786	3,505
Fund Balance, January 1, 2004	5,758	5,758	5,758	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2004	<u>\$ 15,039</u>	<u>\$ 15,039</u>	<u>\$ 18,544</u>	<u>\$ 3,505</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
General Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 19,750	\$ 19,750	\$ 20,000	\$ 250
Total Expenditures and Other Uses	24,770	24,770	23,952	818
Net Change in Fund Balance	(5,020)	(5,020)	(3,952)	1,068
Fund Balance, January 1, 2003	22,049	22,049	22,049	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2003	<u>\$ 17,029</u>	<u>\$ 17,029</u>	<u>\$ 18,097</u>	<u>\$ 1,068</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Wellness Block Grant Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original Budget	Final Budget		
Total Revenues and Other Sources	\$ 85,590	\$ 85,590	\$ 86,675	\$ 1,085
Total Expenditures and Other Uses	89,634	89,634	86,675	2,959
Net Change in Fund Balance	(4,044)	(4,044)	-	4,044
Fund Balance, January 1, 2003	-	-	-	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2003	<u>\$ (4,044)</u>	<u>\$ (4,044)</u>	<u>\$ -</u>	<u>\$ 4,044</u>

See accompanying notes to the basic financial statements.



**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Family Stability Incentive Grant Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 68,562	\$ 68,562	\$ 69,431	\$ 869
Total Expenditures and Other Uses	76,781	76,781	74,246	2,535
Net Change in Fund Balance	(8,219)	(8,219)	(4,815)	3,404
Fund Balance, January 1, 2003	4,815	4,815	4,815	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2003	<u>\$ (3,404)</u>	<u>\$ (3,404)</u>	<u>\$ -</u>	<u>\$ 3,404</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Children's Trust Funds Grant Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 12,344	\$ 12,344	\$ 12,500	\$ 156
Total Expenditures and Other Uses	<u>7,094</u>	<u>7,094</u>	<u>6,860</u>	<u>234</u>
Net Change in Fund Balance	5,250	5,250	5,640	390
Fund Balance, January 1, 2003	1,485	1,485	1,485	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31, 2003	<u>\$ 6,735</u>	<u>\$ 6,735</u>	<u>\$ 7,125</u>	<u>\$ 390</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Help Me Grow Grant Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 405,204	\$ 405,204	\$ 410,339	\$ 5,135
Total Expenditures and Other Uses	<u>392,327</u>	<u>392,327</u>	<u>379,376</u>	<u>12,951</u>
Net Change in Fund Balance	12,877	12,877	30,963	18,086
Fund Balance, January 1, 2003	3,709	3,709	3,709	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, December 31, 2003	<u>\$ 16,586</u>	<u>\$ 16,586</u>	<u>\$ 34,672</u>	<u>\$ 18,086</u>

See accompanying notes to the basic financial statements.

**Gallia County Family and Children First Council**

**Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balance - Budget and Actual - Budget Basis  
Partnerships for Success Initiative Grant Fund**

**For the Year Ended December 31, 2003**

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Total Revenues and Other Sources	\$ 57,603	\$ 57,603	\$ 58,333	\$ 730
Total Expenditures and Other Uses	58,447	58,447	56,518	1,929
Net Change in Fund Balance	(844)	(844)	1,815	2,659
Fund Balance, January 1, 2003	3,943	3,943	3,943	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance, December 31, 2003	<u>\$ 3,099</u>	<u>\$ 3,099</u>	<u>\$ 5,758</u>	<u>\$ 2,659</u>

See accompanying notes to the basic financial statements.

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

## NOTES TO THE BASIC FINANCIAL STATEMENTS DECEMBER 31, 2004 AND 2003

### 1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

#### A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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:

- a. At least three individuals whose families are or have received services from an agency 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.
- b. 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. If a Board of Alcohol, Drug Addiction, and Mental Health Services covers more than one county, the Director may designate a person to participate on the County's Council;
- c. 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 two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- g. 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;
- h. 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 Board of County Commissioners of its determination at least biennially;

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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

### 1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;
- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. 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
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of 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;
- c. Participation in the development of a countrywide, 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting

These financial statements follow the cash basis of accounting which is a basis of accounting other than generally accepted accounting principles.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information

#### 1. Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Assets presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program of function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Council.

#### 2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

#### 3. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council utilizes the governmental category of funds.

#### 4. Governmental Funds

Governmental funds are those through which most governmental functions of the Council typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

**General Fund** – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Council.

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### A. Basis of Accounting (Continued)

**Help Me Grow (HMG) Fund** – The Help Me Grow (HMG) Fund is used to account for revenue received and expended from State and Federal grant monies for early intervention programs.

**Wellness Block Grant Fund** – The Wellness Block Grant Fund is used to account for revenue received and expended from federal and state monies to provide community-based programs of prevention services to reduce the rate of births to teens and to plan for and implement a child abuse and neglected prevention program.

**Family Stability Incentive Grant Fund** – This fund is used to account for revenue received and expended from state grants to improve stability within families.

**Children’s Trust Funds Grant Fund** – This fund is used to account for revenue received and expended from state grants for children.

**Partnerships for Success Initiative Grant Fund** – This fund is used to account for revenues received and expended from the Ohio Department of Jobs and Family Services for programs to help families.

#### 5. Measurement Focus

The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council’s cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

#### 6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

#### B. Administrative/Fiscal Agent

The Gallia-Jackson-Meigs Alcohol, Drug Addiction and Mental Health Services (ADAMHS) Board is the designated administrative agent for the Council. The Gallia County Auditor is the designated fiscal agent for the ADAMHS Board. The Council’s funds are maintained by the ADAMHS in separate funds and the ADAMHS Board’s funds are maintained by Gallia County in separate funds.



**GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Equity in Pooled Cash**

The Council's cash is maintained by the Gallia County Auditor. The Ohio Revised 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 County's cash pool was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposit	<u>\$ 41,824</u>	<u>\$ 65,652</u>

All risks associated with such deposits are the responsibility of Gallia County.

**D. Budgetary Activity**

The Council files an annual estimate of expenditures and revenue with the Gallia-Jackson-Meigs Alcohol, Drug Addiction and Mental Health Services (ADAMHS) Board as required by Ohio law. This estimate is adopted by the ADAMHS Board and is presented to the Gallia County Commissioners. The ADAMHS Board approves any changes made to these estimates during the year. The ADAMHS Board ensures that the Council's expenditures do not exceed appropriations.

**E. Capital Assets**

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

**F. Long-Term Debt Obligations**

The Council did not have any bonds or other long-term debt obligations.

**G. Net Assets**

These statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**3. RETIREMENT SYSTEM**

The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans as described below:

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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

### 3. RETIREMENT SYSTEM (Continued)

- The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
- The Member-Direct Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPER issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan. The 2004 member contribution rates were 8.55% for members in classifications other than law enforcement and public safety. The 2004 employer contribution rate for local government employer units was 13.55% of covered payroll.

The Council's contributions for pension obligations to the traditional, combined, and member directed plans for the years ended December 31, 2004 and 2003 were \$5,921 and \$5,148, respectively.

### 4. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care. The 2003 local government employer contribution rate was 13.55% of covered payroll; 5% was the portion that was used to fund health care for the year 2003.

# GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

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

### 4. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include rate of return on investments of 8.00, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually plus an additional factor ranging from 1 to 6 percent for the next eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 and 2003 which were used to fund postemployment benefits were \$2,481 and \$3,011, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

In December 2001, the Board adopted the Health Care "Choices" Plan. The Choices Plan will be offered to all persons newly hired on an OPERS covered position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**GALLIA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

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

**5. RISK MANAGEMENT**

Insurance is carried through the Gallia-Jackson-Meigs Board of ADAMHS and it has obtained commercial insurance for the following risks:

- Comprehensive property and general liability and
- Errors and omissions.

For the Gallia-Jackson-Meigs Board of ADAMHS, settled claims have not exceeded commercial coverage in any of the past three years and there have not been any significant reductions in coverage from the prior year.

**6. CONTINGENT LIABILITIES**

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

**7. CHANGE IN ACCOUNTING PRINCIPLE**

For the years ended December 31, 2004 and 2003, the Council revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.

**BALESTRA, HARR & SCHERER, CPAs, INC.**

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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  
Gallia County  
53 Shawnee Lane, P.O. Box 514  
Gallipolis, Ohio 45631

To the Family and Children First Council:

We have audited the financial statements of the governmental activities and the major fund of the Family and Children First Council, Gallia County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003, which collectively comprise the Council's basic financial statements and have issued our report thereon dated July 26, 2005, in which we indicated that the Council implemented Governmental Accounting Standards Board Statement No. 34 as it applies to their basis of accounting. 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 our auditing procedures for the purpose of expressing our opinions on the basic 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 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 basic 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*.

Family and Children First Council  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Governmental Auditing Standards*  
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We noted certain matters that we reported to the management of the Council in a separate letter dated July 26, 2005.

This report is intended for the information and use of the audit committee, management, and the Family and Children First Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

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



**Auditor of State  
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL**

**GALLIA 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  
MARCH 14, 2006**