



**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

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**Auditor of State
Betty Montgomery**

Medina County Family First Council
Medina County
144 North Broadway
Medina, Ohio 44256

To the Council Members:

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.

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Betty Montgomery
Auditor of State

April 11, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Medina County Family First Council
Medina County
144 North Broadway
Medina, Ohio 44256

To the Council Members:

We have audited the accompanying financial statements of the Medina County Family First Council, Medina County, Ohio, (the Council) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Council has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since the Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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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, 2005 and 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, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Medina County Family First Council, Medina County, Ohio as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2005 and 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 April 11, 2006, 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

April 11, 2006

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$117,431	\$619,421	\$736,852
Other	1,020	81	1,101
Total Cash Receipts	<u>118,451</u>	<u>619,502</u>	<u>737,953</u>
Cash Disbursements:			
Salaries and Benefits	14,547		14,547
Contractual Services	68,649	205,802	274,451
Purchased Services	17,544	255,757	273,301
Supplies	950	5,143	6,093
Utilities		6,759	6,759
Rent		7,458	7,458
Refunds		11,108	11,108
Other	11,244	19,311	30,555
Capital Outlay	210	12,717	12,927
Total Cash Disbursements	<u>113,144</u>	<u>524,055</u>	<u>637,199</u>
Total Cash Receipts Over Cash Disbursements	<u>5,307</u>	<u>95,447</u>	<u>100,754</u>
Other Financing Receipts/(Disbursements):			
Transfers In	15,043		15,043
Transfers Out		(15,043)	(15,043)
Total Other Financing Receipts/(Disbursements)	<u>15,043</u>	<u>(15,043)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>20,350</u>	<u>80,404</u>	<u>100,754</u>
Fund Cash Balances, January 1	<u>243,841</u>	<u>(16,976)</u>	<u>226,865</u>
Fund Cash Balances, December 31	<u><u>\$264,191</u></u>	<u><u>\$63,428</u></u>	<u><u>\$327,619</u></u>

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

MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$116,730	\$543,321	\$660,051
Other	792	1,514	2,306
Total Cash Receipts	<u>117,522</u>	<u>544,835</u>	<u>662,357</u>
Cash Disbursements:			
Salaries and Benefits	14,037		14,037
Contractual Services	64,476	168,916	233,392
Purchased Services	7,343	294,053	301,396
Supplies	788	7,358	8,146
Utilities		7,958	7,958
Rent		18,458	18,458
Refunds			-
Other	8,289	10,152	18,441
Capital Outlay	400	3,727	4,127
Total Cash Disbursements	<u>95,333</u>	<u>510,622</u>	<u>605,955</u>
Total Cash Receipts Over Cash Disbursements	<u>22,189</u>	<u>34,213</u>	<u>56,402</u>
Other Financing Receipts/(Disbursements):			
Transfers In	28,362		28,362
Transfers Out		(28,362)	(28,362)
Total Other Financing Receipts/(Disbursements)	<u>28,362</u>	<u>(28,362)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>50,551</u>	<u>5,851</u>	<u>56,402</u>
Fund Cash Balances, January 1	<u>193,290</u>	<u>(22,827)</u>	<u>170,463</u>
Fund Cash Balances, December 31	<u><u>\$243,841</u></u>	<u><u>(\$16,976)</u></u>	<u><u>\$226,865</u></u>

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

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Medina County Family First Council (the Council) is an organization established by Ohio Rev. Code Section 121.37(B)(1) to coordinate social services programs in the community between existing agencies and individuals in need of those services. The Council consists of mandated members plus others who benefit the progress of the Council's goals. Council operations are vested in Council members through committees. The Medina County Board of Commissioners serves as administrative agent. The Council contracts with individuals to provide management and care-giver services.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Equity in Pooled Cash and Investments

In accordance with Ohio Revised Code, the Council's cash is held and invested by the Medina County Treasurer, who acts as custodian for the Council's monies. The Council's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying value.

D. Fund Accounting

The Council uses fund accounting to segregate resources that are 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 revenue sources, such as State and Federal Grants that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

Help Me Grow Grant Fund - This fund receives Federal grant money for the purpose of providing services to families with young children at greater risk.

**MEDINA COUNTY FAMILY FIRST COUNCIL
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Property, Plant and Equipment

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

F. Fiscal Agent

The Medina County Treasurer and Auditor serve as the fiscal/administrative agent for the Council. Council funds are maintained in separate agency funds at the County.

2. RETIREMENT SYSTEM

The Council's employee belongs 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 (the latest information available), members of OPERS contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Council has paid all contributions required through December 31, 2004.

3. RISK MANAGEMENT

The Council is covered under the various insurance policies of Medina County, the fiscal/administrative agent.

4. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by 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.

5. FUND DEFICITS

At December 31, 2005, the Wellness, Special Revenue Fund had a fund deficit of \$23,464. At December 31, 2004, the Resource Center and Help Me Grow, Special Revenue Funds had fund deficits of \$15,201 and \$9,528, respectively. These deficits will be eliminated once grant expenditures are reimbursed by the State of Ohio.



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*

Medina County Family First Council
Medina County
144 North Broadway
Medina, Ohio 44256

To the Council Members:

We have audited the financial statements of the Medina County Family First Council, Medina County, Ohio, (the Council) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 11, 2006, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated April 11, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions

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*. In a separate letter to the Council's management dated April 11, 2006, we reported a matter related to noncompliance we deemed immaterial.

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Medina County Family First Council
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Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and Council Members. 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

April 11, 2006



**Auditor of State
Betty Montgomery**

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MEDINA COUNTY FAMILY FIRST COUNCIL

MEDINA 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
MAY 11, 2006**