



**Auditor of State
Betty Montgomery**

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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**Auditor of State
Betty Montgomery**

Adams County Family and Children First Council
Adams County
482 Rice Drive
West Union, Ohio 45693

To the Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

December 6, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Adams County Family and Children First Council
Adams County
482 Rice Drive
West Union, Ohio 45693

To the Council:

We have audited the accompanying financial statements of Adams County Family and Children First Council, Adams County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Council to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Council does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Council has elected not to reformat its statements. Since this Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Adams County Family and Children First Council, Adams County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the year ended December 31, 2004. The Council has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2005, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

December 6, 2005

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$18,800	\$75,745	\$94,545
Total Cash Receipts	<u>18,800</u>	<u>75,745</u>	<u>94,545</u>
Cash Disbursements:			
Salaries and Benefits	18,927	4,642	23,569
Travel	140		140
Contract Services		61,848	61,848
Project Expenses		7,858	7,858
Administrative Expenses		126	126
Miscellaneous Expenses	84	1,885	1,969
Total Cash Disbursements	<u>19,151</u>	<u>76,359</u>	<u>95,510</u>
Total Cash Receipts Under Cash Disbursements	<u>(351)</u>	<u>(614)</u>	<u>(965)</u>
Other Financing Disbursements:			
Return of Unexpended Grant Funds		(3,915)	(3,915)
Total Other Financing Disbursements	<u>0</u>	<u>(3,915)</u>	<u>(3,915)</u>
Deficiency of Cash Receipts Under Cash Disbursements and Other Financing Disbursements	(351)	(4,529)	(4,880)
Fund Cash Balances, January 1	<u>23,267</u>	<u>44,590</u>	<u>67,857</u>
Fund Cash Balances, December 31	<u><u>\$22,916</u></u>	<u><u>\$40,061</u></u>	<u><u>\$62,977</u></u>

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

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$20,000	\$150,085	\$170,085
Total Cash Receipts	<u>20,000</u>	<u>150,085</u>	<u>170,085</u>
Cash Disbursements:			
Salaries and Benefits	18,485	5,720	24,205
Supplies		127	127
Travel	120		120
Contract Services		85,875	85,875
Project Expenses		64,310	64,310
Administrative Expenses		1,491	1,491
Miscellaneous Expenses	418	2,254	2,672
Total Cash Disbursements	<u>19,023</u>	<u>159,777</u>	<u>178,800</u>
Total Cash Receipts Over (Under) Cash Disbursements	<u>977</u>	<u>(9,692)</u>	<u>(8,715)</u>
Other Financing Disbursements:			
Advances-Out to County		(2,000)	(2,000)
Total Other Financing Disbursements	<u>0</u>	<u>(2,000)</u>	<u>(2,000)</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	977	(11,692)	(10,715)
Fund Cash Balances, January 1 (Restated, See Note 6)	<u>22,290</u>	<u>56,282</u>	<u>78,572</u>
Fund Cash Balances, December 31	<u><u>\$23,267</u></u>	<u><u>\$44,590</u></u>	<u><u>\$67,857</u></u>

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

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code, Section 121.37, 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 ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- b. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- c. The director of the county department of human services.
- d. The executive director of the county children's services board.
- e. The superintendent of the county board of mental retardation and developmental disabilities.
- f. The administrative or the judge senior in service in his designee for the county's juvenile court.
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county.
- 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 municipal corporation with the largest population in the county.
- j. The chair of the board of county commissioners, or designee.
- k. A representative of the regional office of the department of youth services.
- l. A representative of the county's head start agencies.
- m. A representative of the county's early intervention collaborative.
- n. At least three individuals whose families are receiving or have received services from an agency which is represented on council. If possible, 20% of the council's membership should consist of members representing families.
- o. The director of the community mental health board.
- p. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a country-wide comprehensive, coordinated, multidisciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the Education of the Handicapped Act Amendments of 1986;
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services with the county system.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

The Council uses fund accounting to segregate cash deposits that are restricted as to use. The Council classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund

This fund is used to account for proceeds from specific sources that are restricted to expenditure for specific purposes.

D. Fiscal Agent

The Adams County Auditor serves as the Council's fiscal agent. The Adams County Department of Jobs and Family Services serves as the Council's administrative agent. The administrative agent provides a program coordinator to oversee the various programs under the Family and Children First Council.

E. Service Coordinator

The purpose of the Council is to identify ways in which the Child Servicing System can provide services to the community in the most efficient and effective manner. A Service Coordinator has been hired to coordinate all Family and Children First programs. This employee contributes to the Public Employees Retirement System which is described in Note 3.

F. Property, Plant and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. CASH DEPOSITS

The Adams County Treasurer maintains a cash pool all County funds, including those of Council, use. The Ohio Revised Code prescribes allowable deposits. The Council's carrying amount of cash on deposit with the County at December 31 was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$62,977</u>	<u>\$67,857</u>

3. RETIREMENT SYSTEMS

The Service Coordinator belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their gross salaries. The Council contributed an amount equaling 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

4. RETURN OF ADVANCE TO ADAMS COUNTY

During 2003, \$2,000 was paid to Adams County's General Fund for a return of a 2002 advance for administrative expenditures prior to the Council receiving administrative grant money.

**ADAMS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ADAMS COUNTY**

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

5. RISK MANAGEMENT

The Council is covered under the Adams County's insurance policy.

6. RESTATEMENT OF FUND BALANCE

The general and special revenue funds beginning balance have been restated to present grant and restricted amounts in special revenue funds. The general fund should only include non-restricted monies. All of the grants and any other restricted amounts should be presented as special revenue funds. Therefore, a prior period adjustment was made to change the presentation of these monies from the general fund to special revenue. Furthermore, it was determined that revenues were overstated in prior financial statements. Revenues were overstated by \$2,067 in the Wellness Block Grant Special Revenue Fund. The adjustment and correction had the following effect on the fund balances at January 1, 2003:

	General Fund	Special Revenue
December 31, 2002 Fund Balance	\$76,041	\$4,598
Grant Funds	(53,751)	53,751
Correction of Error	-	(\$2,067)
Restated January 1, 2003 Fund Balance	\$22,290	\$56,282



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*

Adams County Family and Children First Council
Adams County
482 Rice Drive
West Union, Ohio 45693

To the Council:

We have audited the financial statements of the Adams County Family and Children First Council, Adams County, Ohio (the Council), as of and for the year ended December 31, 2004, and have issued our report thereon dated December 6, 2005, wherein we noted the Council followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

We intend this report solely for the information and use of the audit committee, management, and the Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 6, 2005



**Auditor of State
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL
ADAMS 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
DECEMBER 27, 2005**