



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
PIKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2004 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2003 .....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Pike County  
10 American Boulevard  
Piketon, Ohio 45661

To the Members of 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

July 29, 2005

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Pike County  
10 American Boulevard  
Piketon, Ohio 45661

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Pike 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 statement referred to above for the year ended December 31, 2004 does 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 their 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 the Family and Children First Council, Pike 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 July 29, 2005 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

July 29, 2005



FAMILY AND CHILDREN FIRST COUNCIL  
PIKE 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$38,800	\$94,476	\$133,276
Charges for Services		171,489	171,489
Total Cash Receipts	<u>38,800</u>	<u>265,965</u>	<u>304,765</u>
<b>Cash Disbursements:</b>			
Contract Service	7,424	321,063	328,487
Supplies and Postage	195		195
Other	780	10,170	10,950
Total Cash Disbursements	<u>8,399</u>	<u>331,233</u>	<u>339,632</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>30,401</u>	<u>(65,268)</u>	<u>(34,867)</u>
Fund Cash Balances, January 1	<u>931</u>	<u>234,166</u>	<u>235,097</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$31,332</u></u></b>	<b><u><u>\$168,898</u></u></b>	<b><u><u>\$200,230</u></u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PIKE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$0	\$231,072	\$231,072
Local Share		1,903	1,903
Charges for Services		178,144	178,144
		<hr/>	<hr/>
Total Cash Receipts	<u>0</u>	<u>411,119</u>	<u>411,119</u>
<b>Cash Disbursements:</b>			
Benefits		174	174
Contract Service	15,880	298,651	314,531
Capital Outlay	1,903		1,903
Travel	460		460
Supplies and Postage	270	23,518	23,788
Other	3,364		3,364
		<hr/>	<hr/>
Total Cash Disbursements	<u>21,877</u>	<u>322,343</u>	<u>344,220</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(21,877)</u>	<u>88,776</u>	<u>66,899</u>
Fund Cash Balances, January 1	<u>22,808</u>	<u>145,390</u>	<u>168,198</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$931</u></b>	<b><u>\$234,166</u></b>	<b><u>\$235,097</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PIKE 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 requiring counties to establish county Family and Children First Councils. Statutory membership of the Council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency which is represented on the Council. If possible, twenty per cent of the Council's membership should consist of members representing families;
- b. The Director of the Community Mental Health Board;
- c. The Director of the County 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;
- d. A representative from each City Board of Health and General Board of 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;
- e. The Director of the County Department of Jobs and Family Services;
- f. The Executive Director of the County Children's Services Board;
- g. The Superintendent for the County Board of MRDD;
- h. The Administrative or the judge senior in service or his designee for the county's juvenile court;
- i. The Superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the county;
- j. The School Superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- k. A representative of the municipal corporation with the largest population in the county;
- l. The Chair of the Board of County Commissioners or a designee;
- m. A representative from the regional office of the Ohio Department of Youth Services;
- n. A representative of the County's Head Start Agencies;
- o. A representative of the County's Early Intervention Collaborative; and
- p. A representative of the local nonprofit entity that funds advocates or provides services to children and families.

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

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. Maintain an accountability system to monitor the Council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a broad representative of families who are receiving services within the County system; and

**FAMILY AND CHILDREN FIRST COUNCIL  
PIKE COUNTY**

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

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

**A. Description of the Entity (Continued)**

- f. Participate in the development of a county wide, 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".

**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 accounting basis. 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 adequately disclose material matters the Auditor of State's accounting basis requires.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for all financial resources except those restricted by law or contract.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

*Family Stability* – This fund received a state grant to provide prevention and intervention services for at-risk families. This fund is maintained as an Agency Fund by the County Auditor.

*Help Me Grow* – This fund received state and federal monies to provide prevention and intervention services for at-risk families. This fund is maintained as an Agency Fund by the County Auditor.

**D. Fiscal Agent**

The Pike County Board of Mental Retardation and Developmental Disabilities is designated as the fiscal and administrative agent for the Council. Council funds are maintained by the Pike County Auditor in separate funds.

**FAMILY AND CHILDREN FIRST COUNCIL  
PIKE COUNTY**

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

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

**E. Budgetary Process**

The Council files an annual estimate of expenditures with the Board of Mental Retardation and Developmental Disabilities (MR/DD) as required by state law. This estimate is adopted by the Board. The Fiscal Officer of the MR/DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations.

**2. EQUITY IN POOLED CASH**

The Council's cash is maintained by the Board of Mental Retardation and Developmental Disabilities (MR/DD), its statutory fiscal agent. The Pike County Auditor, the MR/DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits, and the MR/DD Board is responsible for compliance. The Pike County Auditor is responsible for maintaining adequate depository collateral for all funds in Pike County's pooled and deposit accounts. As of December 31, 2004 and 2003, the Council's share of the Pike County Auditor's cash pool was as follows:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$200,230</u>	<u>\$235,097</u>

**3. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

**This page intentionally left blank.**



## **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***

Family and Children First Council  
Pike County  
10 American Boulevard  
Piketon, Ohio 45661

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Pike County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 29, 2005, wherein we noted the Council follows the 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*.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We intend this report solely for the information and use of 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

July 29, 2005





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**FAMILY AND CHILDREN FIRST COUNCIL**

**PIKE 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  
SEPTEMBER 6, 2005**