



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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**Auditor of State  
Betty Montgomery**

Family and Children First Council  
Athens County  
P.O. Box 1046  
Athens, Ohio 45701

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 31, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council  
Athens County  
P. O. Box 1046  
Athens, Ohio 45701

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Athens 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 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 require the Council to reformat their financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds these statements present for 2004 (and 2003), the revision requires presenting these amounts for 2004 in entity wide statements and also to present its larger (i.e., major) funds separately. 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. 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 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 and reserves for encumbrances of the Family and Children First Council, Athens County, Ohio, 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 October 31, 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.

We conducted our audit to opine on the Council's financial statements. The 2003 Schedule of Federal Awards Expenditures presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this Schedule to the auditing procedures applied in our audit of the Council's financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

October 31, 2005



**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS 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	\$ 20,120	\$ 462,487	\$ 482,607
Local Agency Contributions	179,687		179,687
Miscellaneous	50,219		50,219
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	250,026	462,487	712,513
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Personal Services	47,533		47,533
Contracted Services	139,638	461,737	601,375
Supplies and Materials	1,017		1,017
Miscellaneous	1,919		1,919
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	190,107	461,737	651,844
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	59,919	750	60,669
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	162,516	375	162,891
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 222,435</u></b>	<b><u>\$ 1,125</u></b>	<b><u>\$ 223,560</u></b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	<u>\$ 14,319</u>	<u>\$ 0</u>	<u>\$ 14,319</u>
	<hr/>	<hr/>	<hr/>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS 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	\$ 20,188	\$ 435,529	\$ 455,717
Local Agency Contributions	190,225		190,225
Other Revenue	16,008		16,008
	<u>226,421</u>	<u>435,529</u>	<u>661,950</u>
<b>Cash Disbursements:</b>			
Personal Services	45,477		45,477
Contractual Services	82,132	435,904	518,036
Supplies and Materials	1,160		1,160
Miscellaneous	2,236	5,645	7,881
	<u>131,005</u>	<u>441,549</u>	<u>572,554</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>95,416</u>	<u>(6,020)</u>	<u>89,396</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources	<u>1,042</u>		<u>1,042</u>
Total Other Financing Receipts/(Disbursements)	<u>1,042</u>	<u>0</u>	<u>1,042</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Uses	96,458	(6,020)	90,438
Fund Cash Balances, January 1	<u>66,058</u>	<u>6,395</u>	<u>72,453</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 162,516</u></b>	<b><u>\$ 375</u></b>	<b><u>\$ 162,891</u></b>
Reserve for Encumbrances, December 31	<u>\$ 17,332</u>	<u>\$ 0</u>	<u>\$ 17,332</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 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 its County Council. Each County Council must include the following individuals:

1. At least three individuals whose families are or have received services from an agency which is 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;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board covers more than one County, the Director may designate a person to participate on the County's Council;
3. 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 more than two health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the County agency responsible for the administration of children's services pursuant to Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. 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;
8. The Superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the County, as determined by the Ohio Department of Education at least biennially;
9. 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;
10. A representative of the municipal corporation with the largest population in the County;
11. The President of the Board of County Commissioners, or an individual designated by the Board;
12. A representative from the regional office of the Ohio Department of Youth Services;

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS 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)**

13. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
14. 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 of 1986"; and
15. A representative of a local nonprofit entity that funds, advocates or provides services to children and families.

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. Develop and implement 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;
3. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
4. Maintain an accountability system to monitor the Council's progress in achieving results for families and children; and
5. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

**B. Basis of Accounting**

The 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. The statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

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

**C. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

*Help Me Grow Fund* - This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

**D. Fiscal and Administrative Agent**

Athens County Children Services is the designated administrative agent for the Council. The Council's funds are maintained by the County in separate funds.

**E. Budgetary**

The Council is required by Ohio Revised Code Section 121.37(B)(4) to file an annual budget with its administrative agent. The Council estimates revenues and expenditures for the year and submits these estimates to Athens County Children Services. The Council and the Board approve any changes made to these estimates during the year. In 2003 and 2004, the Council filed the required budgets with their administrative agent.

**2. EQUITY IN POOLED CASH**

Athens County Children Services is the designated administrative agent for the Council. The Athens County Auditor is the designated fiscal agent. The Council's funds are maintained by the County in a separate Agency Fund. Athens County maintains a cash pool for all funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes the County's allowable deposits and investments. As of December 31, 2004 and 2003, the Council's share of the County cash pool was as follows:

	<u>2004</u>	<u>2003</u>
Demand Deposits	\$223,560	\$162,891

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

**3. 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 post retirement health care, and survivor and disability benefits to participants as prescribed the Ohio Revised Code.

Contribution rates are also prescribed by Ohio Revised Code. OPERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2004.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

**4. RISK MANAGEMENT**

The Council is insured through the Athens County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

**5. 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.

**6. PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was required to reconcile the Family and Children First Council's beginning fund balances at January 1, 2003 to the County Auditor beginning fund balances at January 1, 2003. The change increased the beginning fund balance for the General Fund by \$14,627, the Welcome Home Fund by \$14,350 and decreased the beginning fund balance for the Help Me Grow Fund by \$210,987, the Wellness Fund by \$28,665 and the Family Stability Fund by \$33,259.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>FEDERAL GRANTOR/ Pass-through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Number</b>	<b>Expenditures</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	84.181	05-1-002-1-EG-03	\$ 49,072
		05-1-002-1-EG-04	44,161
Total Special Education - Grants for Infants and Families with Disabilities			<u>93,233</u>
Total United States Department of Education			93,233
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Ohio Department of Health:</i>			
Promoting Safe and Stable Families	93.556	N/A	63,985
<i>Passed through Athens County Department of Job and Family Services:</i>			
Temporary Assistance to Needy Families	93.558	N/A	<u>170,450</u>
Total United States Department of Health and Human Services			<u>234,435</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 327,668</u></b>

*The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Family and Children First Council's federal awards programs. The Schedule has been prepared on the cash basis of accounting.





## **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  
Athens County  
P.O. Box 1046  
Athens, Ohio 45701

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Athens County, Ohio (the Council), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 31, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record process summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-002 and 2004-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2004-003 to be a material weakness. In a separate letter to the Council's management dated October 31, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2004-001.

We intend this report solely for the information and use of management, members of the Council, federal awarding agencies, and pass-through entities. 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

October 31, 2005



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Family and Children First Council  
Athens County  
P.O. Box 1046  
Athens, Ohio 45701

To the Members of the Council:

#### Compliance

We have audited the compliance of the Family and Children First Council, Athens County, Ohio (the Council), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that apply to its major federal program for the year ended December 31, 2003. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Council's major federal program. The Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

As described in item 2004-04 in the accompanying Schedule of Findings, the Council did not comply with requirements regarding ensuring the timely completion of a single audit for the Temporary Assistance to Needy Families (TANF) federal program (CFDA #93.558) as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Compliance with those requirements is necessary, in our opinion, for the Council to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2003. In a separate letter to the Council's management dated October 31, 2005, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### **Internal Control Over Compliance**

The Council's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of management, members of the Council, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

October 31, 2005

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004 AND 2003**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Temporary Assistance to Needy Families, CFDA # 93.558
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Noncompliance Citation**

Ohio Revised Code Section 117.38 states that cash-basis entities must file reports with the Auditor of State within 60 days of fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. In addition, the Auditor of State may waive all or any part of the penalty assessed under this Section upon filing the past due financial report.

The report shall contain the following: (A) Amount of collections and receipts, and accounts due from each source, (B) Amount of expenditures for each purpose; (C) Income of each public service industry that the entity owns or operates, as well as the cost of such ownership or operation; (D) Amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office must publish notice in a local newspaper, and if there is no such newspaper, in a newspaper of general circulation in the political subdivision or taxing district, stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Council did not file the annual financial report with the Auditor of State for either 2003 or 2004.

We recommend the Council prepare and file an annual financial report with the Auditor of State.

**FINDING NUMBER 2004-002**

**Reportable Condition**

All public offices are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices. When designing the public office's system of internal control and the specific control activities, management should ensure total appropriations from each fund do not exceed the total of the estimated resources available.

For the year ended December 31, 2003, appropriations exceeded the total estimated resources as follows:

Fund	Total Estimated Resources	Appropriation Authority	Variance
Family Stability Incentive	\$ 85,313	\$ 88,593	\$ (3,280)
Help Me Grow	522,707	686,182	(163,475)

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-002 (Continued)**

**Reportable Condition (Continued)**

Failure to limit appropriations to the total estimated resources could result in overspending and deficit fund balances.

We recommend the Council monitor budgetary data to ensure that total appropriations from each fund do not exceed the total estimated resources.

**FINDING NUMBER 2004-003**

**Material Weakness**

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. Management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that all accounting records are properly designed.
- Ensure adequate security of assets and records.
- Plan for adequate segregation of duties or compensating controls.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Council's unaudited financial statements required numerous adjustments. Specifically, we noted the following problems:

- Although the Council had outstanding encumbrances at December 31, 2004 and 2003, no reserve for encumbrances was reported.
- Beginning and ending fund balances did not reconcile to the accounting records of the Council's fiscal agent.
- In 2003, the activity of the Family Stability Special Revenue Fund was accounted for in the General Fund (fund 228) within the accounting system of the Council's fiscal agent.
- In 2003, a Help Me Grow receipt in the amount of \$13,842 was recorded twice – once in the General Fund and once in the Help Me Grow Special Revenue Fund.
- January 2003 disbursements were not recorded on the financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-003 (Continued)**

**Material Weakness (Continued)**

- In 2003, a Help Me Grow receipt in the amount of \$5,768 was not recorded on the financial statements.
- In 2003, Bureau of Workers Compensation refunds of Children Services, the Council's administrative agent, in the amount of \$1,057 and various other receipts of Children Services in the amount of \$7,462, were recorded on the financial statements of the Council.
- In 2003 and 2004, the financial statements reflected Help Me Grow expenditures made by Children Services rather than the contract expenditures made by the Council to Children Services.
- In 2003, a Children's Trust Fund (Special Revenue Fund) receipt in the amount of \$5,184 and two Children's Trust Fund (Special Revenue Fund) disbursements totaling \$10,367 were not recorded on the financial statements.

The accompanying financial statements were adjusted to reflect the items noted above.

We recommend the Council make a concentrated effort to maintain their financial records in a manner which would allow for the preparation of accurate annual financial statements. The General Fund should be used to record General Fund all financial resources except those required to be reported in another fund, and a separate Special Revenue Fund should be set up for each specific revenue source (other than for trusts for individuals, private organizations, or other governments or for major capital projects) that is legally restricted to expenditure for specified purposes. The accounting records should also include documentation of fund cash balances for each individual fund.



**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2004-004
<b>CFDA Title and Number</b>	Temporary Assistance to Needy Families CFDA # 93.558
<b>Federal Award Number / Year</b>	N/A
<b>Federal Agency</b>	U.S. Department of Health and Human Services
<b>Pass-Through Agency</b>	Athens County Department of Job and Family Services

**Noncompliance Citation - Other**

OMB Circular Number A-133, Subpart C, § 300 (a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B, § 200 (a) requires that non-federal entities that expend \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, § 300 (e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due.

The Council entered into a social service contract with the Athens County Department of Jobs and Family Services for various "Help Me Grow" services. Management of the Council believed these would be counted as federal expenditures when disbursed from the pass-through entity and would not be reflected as disbursements on the Council's Schedule of Federal Awards Expenditures. As a result, the Council did not request, and the Auditor of State did not perform, an annual federal single audit for the year ended December 31, 2003, within 9 months after the end of the audit period. Once auditors obtained additional information while performing the audit, it was determined that the Council expended in excess of \$300,000 in federal funds during 2003 and the scope of the audit was modified to meet single audit requirements.

We recommend that prior to accepting funds from any agency the Council obtain a statement from that agency indicating whether the funds to be accepted are from a federal source. The Council should then properly identify all funding in its accounting system, prepare an accurate and complete schedule of federal awards expenditures, make an assessment as to whether a single audit will be necessary, and notify the Auditor of State as to whether an annual single audit is required.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2002-001	A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 for failing to prepare annual financial reports and submitting them to the Auditor of State.	No	Not Corrected:  This item is repeated in the current audit Schedule of Findings as finding 2004-001.
2002-002	A material weakness was issued regarding errors and other reporting issues in the financial statements.	No	Partially Corrected:  Some improvement was noted. However, this item is repeated in the current audit Schedule of Findings as finding 2004-003.
2002-003	A material weakness was issued regarding the lack of reconciliations being performed between the Council's records and the County Auditor's records.	Yes	N/A
2002-004	A material noncompliance citation was issued under Article 2: Duties and Obligations of the Provider, Section 2.2: Reports, for failure to file the required monthly or quarterly reports for the Wellness and Help Me Grow Programs (TANF).	No	Partially Corrected:  The issue is no longer as significant and is reported in the current audit Management Letter.
2002-005	A material weakness was issued for the Help ME Grow program (TANF) regarding difficulties in determining funding sources.	Yes	N/A

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
DECEMBER 31, 2004 AND 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-004	Steps have been taken to ensure that federal expenditures will be monitored and the Auditor of State's Office will be notified when federal expenditures exceed \$500,000.	November 2005	Barb Manzi, Fiscal Manager





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**FAMILY AND CHILDREN FIRST COUNCIL**

**ATHENS 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 15, 2005**