

Family and Children First Council

Guernsey County, Ohio

Regular Audit

January 1, 2005 through December 31, 2006

Years Audited Under GAGAS: 2006 and 2005

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

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# Mary Taylor, CPA

Auditor of State

Guernsey County Family and Children First Council  
324 Highland Avenue  
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Guernsey County Family and Children First Council, Guernsey County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Guernsey County Family and Children First Council is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 1, 2007

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**Family and Children First Council**  
**Guernsey County, Ohio**  
*Table of Contents*  
*For the Years Ended December 31, 2006 and 2005*

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<u>Title</u>	<u>Page</u>
Independent Auditor's Report .....	1 – 2
Financial Statements:	
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2006 .....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2005 .....	4
Notes to the Financial Statements.....	5 – 7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	8 – 9

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## Independent Auditor's Report

Family and Children First Council  
Guernsey County, Ohio  
324 Highland Avenue  
Cambridge, Ohio 43725

We have audited the accompanying financial statements of the Family and Children First Council, Guernsey County, Ohio, (the Council) as of and for the years ended December 31, 2006 and 2005. 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 obtain reasonable assurance about 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 that 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 for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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.

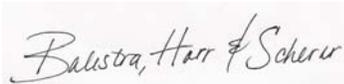
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2006 and 2005, 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 Council, as of the December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Family and Children First Council  
Guernsey County, Ohio  
Independent Auditor's Report  
Page 2

The aforementioned revision to generally accepted accounting principles also requires the Council to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 20, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.  
July 20, 2007

**Family and Children First Council**  
**Guernsey County, Ohio**  
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2006*

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$40,984	\$225,350	\$266,334
Total Cash Receipts	<u>40,984</u>	<u>225,350</u>	<u>266,334</u>
Cash Disbursements:			
Supplies and Materials	212	5,320	5,532
Conferences and Training	40	1,053	1,093
Equipment	0	1,235	1,235
Contracted Services	15,865	222,968	238,833
Advertising	824	150	974
Supportive Services	0	2,983	2,983
Grant Administrative Costs	0	1,987	1,987
Miscellaneous	7,163	0	7,163
Total Cash Disbursements	<u>24,104</u>	<u>235,696</u>	<u>259,800</u>
Total Receipts Over/(Under) Disbursements	16,880	(10,346)	6,534
Other Financing Disbursements:			
Refund of Grant Funding	0	(999)	(999)
Total Other Financing Disbursements	<u>0</u>	<u>(999)</u>	<u>(999)</u>
Excess of Cash Receipts Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	16,880	(11,345)	5,535
Fund Cash Balances, January 1	<u>49,794</u>	<u>58,277</u>	<u>108,071</u>
Fund Cash Balances, December 31	<u><u>\$66,674</u></u>	<u><u>\$46,932</u></u>	<u><u>\$113,606</u></u>

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

**Family and Children First Council**  
**Guernsey County, Ohio**  
*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>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$45,366	\$188,199	\$233,565
Total Cash Receipts	<u>45,366</u>	<u>188,199</u>	<u>233,565</u>
Cash Disbursements:			
Supplies and Materials	288	10,546	10,834
Conferences and Training	3,000	2,221	5,221
Equipment	0	907	907
Contracted Services	42,677	168,202	210,879
Mileage	0	4,429	4,429
Advertising	875	0	875
Supportive Services	0	980	980
Grant Administrative Costs	0	2,907	2,907
Emergency Direct Services	0	144	144
Miscellaneous	5,800	945	6,745
Total Cash Disbursements	<u>52,640</u>	<u>191,281</u>	<u>243,921</u>
Total Receipts Under Disbursements	(7,274)	(3,082)	(10,356)
Other Financing Disbursements:			
Refund of Grant Funding	0	(5,416)	(5,416)
Total Other Financing Disbursements	<u>0</u>	<u>(5,416)</u>	<u>(5,416)</u>
Excess of Cash Receipts Receipts Under Cash Disbursements and Other Financing Disbursements	(7,274)	(8,498)	(15,772)
Fund Cash Balances, January 1	<u>57,068</u>	<u>66,775</u>	<u>123,843</u>
Fund Cash Balances, December 31	<u>\$49,794</u>	<u>\$58,277</u>	<u>\$108,071</u>

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

**Family and Children First Council**  
**Guernsey County, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 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 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 public or private agency or group that funds, advocates, or provides service to children to have a representative become a permanent or temporary member of its County Council. Each County 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 the Ohio Revised 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 number 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;
13. A representative of the County's Head Start Agencies, as defined in Ohio Revised 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.

**Family and Children First Council**  
**Guernsey County, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

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

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, 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”;
4. Maintain an accounting 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 representative 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 accounting basis is similar to the cash receipts and disbursements 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 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 and investments that are restricted as to use. The Council classifies its funds into the following types:

**General Fund**

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

**Special Revenue Funds**

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

*Help Me Grow Grant Fund* – This fund is used to account for federal and state grant funds to be used for families and children ages birth to three years and pregnant women who are at risk for abuse, neglect or developmental delay.

*Wellness Block Grant Fund* – This fund received state grant funds to focus on reducing teenage pregnancy and provide latitude to local Council to make decisions for funding prevention services.

**Family and Children First Council**  
**Guernsey County, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**D. Fiscal and Administrative Agents**

Section 121.37(B)(4), Revised Code, requires each County Council to designate an administrative agent for the Council. The Guernsey County Department of Job and Family Services serves as an administrative agent for the Council, and the Guernsey County Auditor is the designated fiscal agent for the Guernsey County Department of Job and Family Services. Guernsey County maintains the Family and Children First Council funds in a special revenue fund in the County's financial records. The administrative agent agrees to:

- a. Serves as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and,
- c. Perform the following on behalf of Council, but only upon the expressed approval of and direction by Council:
  - Enter into written agreements or administer contracts with public or private entities to fulfill Council business.
  - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity.
  - Receive by gift, grants, devise, or bequest any moneys, land, or other property for the purposes for which the Council is established.

**E. Budgetary Process**

The Council is required by Ohio Revised Code Section 121.37(B)(4) to file an annual estimate of expenditures and revenue with its administrative agent. The Council and County Commissioners ensure that the Council's expenditures do not exceed appropriations. The Council did file the required budget in 2006 and 2005. Budgets were filed based on the grant program year, which ends June 30. As a result, it was not practical to present calendar year information.

**Note 2 – Equity in Pooled Cash**

In accordance with the Ohio Revised Code, the Council's cash is maintained by the Guernsey County Treasurer, who acts as custodian for the Council's monies. The Ohio Revised Code prescribes allowable deposits and investments and the Council is responsible for compliance. The Council's carrying amounts of cash on deposit with the County at December 31, 2006 and 2005 were \$113,606 and \$108,071, respectively. The Guernsey County Treasurer is responsible for securing and maintained adequate collateral for all funds in the Guernsey County cash and investment pool and for all risks associated with the Council's deposits.

**Note 3 – Contingent Liabilities**

Amounts grantor agencies pay to the Council are subject to audit and adjustment. Grantors may require the Council to refund any disallowed costs. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes any refunds would be immaterial.

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## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Family and Children First Council  
Guernsey County, Ohio  
324 Highland Avenue  
Cambridge, Ohio 43725

We have audited the accompanying financial statements of the Family and Children First Council, Guernsey County, Ohio (the Council), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated July 20, 2007, wherein we noted the Council follows the accounting practices the Auditor of State prescribes or permits 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting described in Note 1 such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Family and Children First Council  
Guernsey County, Ohio

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Council and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

July 20, 2007



**Mary Taylor, CPA**  
Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**GUERNSEY 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  
OCTOBER 11, 2007**