

Family and Children First Council

Meigs County, Ohio

Regular Audit

January 1, 2005 through December 31, 2006

Years Audited Under GAGAS: 2006 and 2005

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

528 South West Street, P.O. Box 687  
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# Mary Taylor, CPA

Auditor of State

Family and Children First Council, Meigs County  
PO Box 191  
Middleport, Ohio 45760

We have reviewed the *Independent Auditor's Report* of the Family and Children First Council, Meigs 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 Family and Children First Council, Meigs County is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 30, 2007

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**Meigs County, Ohio**  
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## Independent Auditor's Report

Family and Children First Council  
Meigs County, Ohio  
175 Race Street  
Middleport, Ohio

We have audited the accompanying financial statements of the Family and Children First Council, Meigs 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 the Council does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

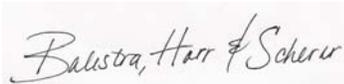
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, 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  
Meigs County, Ohio  
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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 on 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  
MEIGS COUNTY**

**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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 73,113	\$ 405,765	\$ 478,878
Total Cash Receipts	<u>73,113</u>	<u>405,765</u>	<u>478,878</u>
<b>Cash Disbursements:</b>			
Current:			
Contractual - Client services	54,373	422,839	477,212
Miscellaneous	<u>16,622</u>	<u>-</u>	<u>16,622</u>
Total Cash Disbursements	<u>70,995</u>	<u>422,839</u>	<u>493,834</u>
Total Cash Receipts Over/(Under) Cash Disbursements	2,118	(17,074)	(14,956)
Fund Cash Balances, January 1	<u>59,526</u>	<u>93,185</u>	<u>152,711</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 61,644</u></b>	<b><u>\$ 76,111</u></b>	<b><u>\$ 137,755</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 2,447	\$ 408,050	\$ 410,497
Total Cash Receipts	<u>2,447</u>	<u>408,050</u>	<u>410,497</u>
<b>Cash Disbursements:</b>			
Current:			
Audit	3,971	-	3,971
Contractual - Client services	21,259	331,482	352,741
Miscellaneous	4,070	-	4,070
Total Cash Disbursements	<u>29,300</u>	<u>331,482</u>	<u>360,782</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(26,853)	76,568	49,715
<b>Other Financing Disbursements:</b>			
Other Financing Uses - Return of TANF Funds	<u>(10,119)</u>	<u>-</u>	<u>(10,119)</u>
Total Other Financing Disbursements	<u>(10,119)</u>	<u>-</u>	<u>(10,119)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(36,972)	76,568	39,596
Fund Cash Balances, January 1	<u>96,498</u>	<u>16,617</u>	<u>113,115</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 59,526</b></u>	<u><b>\$ 93,185</b></u>	<u><b>\$ 152,711</b></u>

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

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

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**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 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 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 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;
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**  
**Meigs County, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**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, 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 representative of families who are receiving services within the County system.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary disclosures in Note 4 show budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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

*Administrative Fund* – This fund is used to account for state grant funds to be used for parental involvement, administrative support, or training.

2. Special Revenue Funds

These funds are used to 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 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.

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

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

D. Fiscal and Administrative Agents

The Meigs County Auditor serves as the fiscal agent for the Council. The Meigs County Department of Job and Family Services serves as the administrative agent for the Council.

E. Budgetary Process

The Council is required by law to file an annual estimate of expenditures and revenue with Meigs County. This estimate is to be adopted by the Council and the Meigs County Commissioners. The Council and County Commissioners ensure that the Council's expenditures do not exceed appropriations. A summary of budgetary activity is provided in Note 3.

**2. POOLED CASH**

The Council's cash is maintained by the Meigs County Auditor, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the Council is responsible for compliance. As of December 31, 2006 and 2005, the Council's share of Meigs County's cash and investment pool was as follows:

	<u>2006</u>	<u>2005</u>
Demand Deposits	<u>\$137,755</u>	<u>\$152,711</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,000	\$73,113	\$3,113
Special Revenue	352,500	405,765	53,265
<b>Total</b>	<b>\$422,500</b>	<b>\$478,878</b>	<b>\$56,378</b>

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,000	\$70,995	\$4,005
Special Revenue	425,000	422,839	2,161
<b>Total</b>	<b>\$500,000</b>	<b>\$493,834</b>	<b>\$6,166</b>

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,497	\$2,447	\$(7,050)
Special Revenue	401,000	408,050	7,050
<b>Total</b>	<b>\$410,497</b>	<b>\$410,497</b>	<b>\$0</b>

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

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**3. BUDGETARY ACTIVITY (CONTINUED)**

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,000	\$39,419	\$35,581
Special Revenue	385,000	331,482	53,518
Total	\$460,000	\$370,901	\$89,099

**4. RISK MANAGEMENT**

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

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

Coverage has not changed significantly from the prior year. Settled claims have not exceeded coverage in any of the past three years.

**5. 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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Ohio Society of Certified Public Accountants

## **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  
Meigs County  
175 Race Street  
Middleport, Ohio 45760

We have audited the accompanying financial statements of the Family and Children First Council, Meigs County (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. 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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  
Meigs County

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*  
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### **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*.

We noted a certain matter that we reported to management of the Council in a separate letter dated July 20, 2007.

This report is intended solely for the information and use of the 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**

**MEIGS 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 13, 2007**