



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Allen County, (the Council) as of and for the years ended December 31, 2002 and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 discussed in Note 2, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 as of December 31, 2002 and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Members of Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by 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, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Receipts	\$51,625	\$443,106	\$494,731
Dues	13,675		13,675
Miscellaneous	226	18,579	18,805
	<u>65,526</u>	<u>461,685</u>	<u>527,211</u>
Total Cash Receipts			
	<u>65,526</u>	<u>461,685</u>	<u>527,211</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	61,818		61,818
Supplies	500		500
Travel/Training	871		871
Intergovernmental Disbursements		451,080	451,080
Contractual Services	3,434		3,434
Miscellaneous	6,727	14,827	21,554
	<u>73,350</u>	<u>465,907</u>	<u>539,257</u>
Total Cash Disbursements			
	<u>73,350</u>	<u>465,907</u>	<u>539,257</u>
Total Receipts Over/(Under) Disbursements	<u>(7,824)</u>	<u>(4,222)</u>	<u>(12,046)</u>
Fund Cash Balances, January 1	<u>57,326</u>	<u>193,740</u>	<u>251,066</u>
Fund Cash Balances, December 31	<u>\$49,502</u>	<u>\$189,518</u>	<u>\$239,020</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Receipts	\$47,614	\$516,570	\$564,184
Dues	11,625		11,625
Miscellaneous	173	7,239	7,412
	<u>59,412</u>	<u>523,809</u>	<u>583,221</u>
Total Cash Receipts			
	<u>59,412</u>	<u>523,809</u>	<u>583,221</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	29,516		29,516
Supplies	1,013		1,013
Travel/Training	1,389		1,389
Capital Outlay	977		977
Intergovernmental Disbursements		488,897	488,897
Miscellaneous	1,775		1,775
Contractual Services	2,934	12,021	14,955
	<u>37,604</u>	<u>500,918</u>	<u>538,522</u>
Total Cash Disbursements			
	<u>37,604</u>	<u>500,918</u>	<u>538,522</u>
Total Receipts Over/(Under) Disbursements	<u>21,808</u>	<u>22,891</u>	<u>44,699</u>
Fund Cash Balances, January 1	<u>35,518</u>	<u>170,849</u>	<u>206,367</u>
Fund Cash Balances, December 31	<u><u>\$57,326</u></u>	<u><u>\$193,740</u></u>	<u><u>\$251,066</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$12,238</u></u>	<u><u>\$12,238</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. DESCRIPTION OF THE ENTITY

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to the Ohio Rev. Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service.
- g. 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 department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in Ohio Rev. Code Section 3301.31;
- m. 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 Amendments of 1986";
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. DESCRIPTION OF THE ENTITY (Continued)

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. Participates 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";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

To assist in fulfilling the Council's statutory responsibilities, the following committees have been established:

A. Intersystem Services for Families/Service Coordination Committee

Established to oversee the coordination of services and funding for multi-system families and children and to proactively create change in the service delivery system to better meet the needs of families within the community. Responsibilities include identification of programs to be provided for home behavioral health service in Allen County, and to review the services coordination plan and make recommendations that benefit the community.

B. Training/Staff Development Committee

Established to develop county-wide, cross-systems training events for service providers at every level. Responsibilities include planning of an annual conference for social service providers, health care providers, educators, and community members who work with and serve families. Also, to participate in regional meetings with other Family and Children First Councils, and to facilitate presentations or training on timely topics whenever need is presented.

C. Public Relations Committee

Established to develop and distribute written materials and arrange events to promote the mission of the Council. Responsibilities include the planning, presentation and evaluation of a Community Information Fair, and the development of a general information brochure and an informational portfolio.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. DESCRIPTION OF THE ENTITY (Continued)

D. Wellness Block Grant Task Force

Established to select, implement, monitor and evaluate appropriate programs for the Wellness Block Grant Funds; to serve the primary stated focus of the grant, while supporting the community's wellness through the use of a variety of prevention and intervention programs; to recommend future programming based on the results of the evaluation.

E. Early Start Advisory Committee

Established to oversee the implementation of the Early Start Program; and includes supervision of Early Start providers.

F. Finance Committee

The committee approves bills for payment and reviews monthly financial reports submitted by the fiscal agent. The committee also performs an annual internal audit of all funds under the control of the council.

G. Early Childhood Conference

Plans and implements an annual full day conference for professionals who work with children from birth to five years and their families.

H. Family Support Committee

Identifies and creates strategies to meet family needs. Ensures that families have access to the support they need to promote self-sufficiency and supports family representation on Council and Council committees.

I. Independent Living Committee

Facilitates interagency collaboration, awareness, and understanding of youth in transition to independent living.

J. Family Literacy Committee

Promotes the development and implementation of Family Literacy programs and activities.

K. Outcome/Evaluation Committee

Charged with measuring the effectiveness of Council goals and objectives.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT POLICIES

A. 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.

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

B. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. 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 of the Council. It is used to account for all financial resources except those required by law or contract to be restricted. During 2002 and 2001, the Council received funding from an Administration Grant and dues from member agencies.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. During 2002 and 2001, the Council received an Ohio Early Start Grant, an Ohio Wellness Block Grant, a Family Stability Grant, a Childrens' Trust Fund Grant and a Welcome Home Grant.

C. Administrative/Fiscal Agent

The Allen County Commissioners was designated by the Council to serve as the administrative agent as of January 1, 1997. The Allen County Auditor acts as fiscal agent for the Council and the County Treasurer maintains a cash and investment pool used by all County funds. Council funds are maintained in the agency funds of the County.

D. Grant Subrecipients

During the period January 1, 2001 through December 31, 2002, the Council was awarded a grant from the Family Preservation and Support Services Program (also known as the Ohio Early Start Program). These grant revenues are passed on to the United Way, Lima Allen County Council for Community Affairs, Allen County Health Department, St. Rita's ACCESS program, and the Allen County Board of Mental Retardation and Developmentally Disabled (MRDD) program. This grant is presented as an intergovernmental receipt and disbursement on the Council's financial statements to reflect the pass-through of these monies. As of October 2002, the Early Start, Welcome Home and St. Rita's ACCESS programs were merged into the "Help Me Grow" program and is administered by the MRDD.

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT POLICIES (Continued)

E. Budgetary Process

The Council by-laws require that each fund be budgeted annually. A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,114	\$65,526	\$25,412
Special Revenue	730,816	461,685	(269,131)
Total	<u>\$770,930</u>	<u>\$527,211</u>	<u>(\$243,719)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,897	\$73,350	\$16,547
Special Revenue	737,112	465,907	271,205
Total	<u>\$827,009</u>	<u>\$539,257</u>	<u>\$287,752</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,793	\$59,412	\$17,619
Special Revenue	1,216,256	523,809	(692,447)
Total	<u>\$1,258,049</u>	<u>\$583,221</u>	<u>(\$674,828)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,863	\$37,604	\$8,259
Special Revenue	1,209,806	513,156	696,650
Total	<u>\$1,255,669</u>	<u>\$550,760</u>	<u>\$704,909</u>

**FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. EQUITY IN POOLED CASH

Allen County maintains separate funds for the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash with the county treasury as of December 31, 2002 was \$239,020, and as of December 31, 2001 was \$251,066. Allen County, acts as fiscal agent for the Council, and is responsible for maintaining adequate depository collateral for all funds.

5. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets. During 2002 and 2001, the Council's fiscal agent, Allen County, provided insurance for the assets of the Council.

6. RETIREMENT SYSTEMS

The employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contribute 8.5% of their gross salaries. The Council contributes an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2002.

7. GRANTS

The Council receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based on prior experience, management believes such refunds, if any, would not be material.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Family and Children First Council
Allen County
616 South Collett Street, Suite 201
Lima, Ohio 45801

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Allen County (the Council) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated July 29, 2003. 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.

Compliance

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 grants, 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 that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Board in a separate letter dated July 29, 2003.

This report is intended solely for the information and use of the audit committee, management, and the Members of Council, and is not intended to be and should not be used by 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, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140
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ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

ALLEN 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 23, 2003**