



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Madison County
52 South Main Street
London, Ohio 43140

To the Council Members:

We have audited the accompanying financial statements of the Family and Children First Council, Madison County, Ohio, (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 described Note 1, 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 of the 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 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 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.

Family and Children First Council
Madison County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, management, the Council, and other officials authorized to receive this report under Section 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 14, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON 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	\$136,706	\$452,400	\$589,106
Other Revenue	30	13,475	13,505
Total Cash Receipts	<u>136,736</u>	<u>465,875</u>	<u>602,611</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	0	146,151	146,151
Contract Services	134,138	268,487	402,625
Supplies and Materials	0	15,220	15,220
Travel/Training	0	5,257	5,257
Other Expenses	0	161	161
Total Cash Disbursements	<u>134,138</u>	<u>435,276</u>	<u>569,414</u>
Total Receipts Over Disbursements	2,598	30,599	33,197
Fund Cash Balances, January 1	<u>360</u>	<u>81,369</u>	<u>81,729</u>
Fund Cash Balances, December 31	<u>\$2,958</u>	<u>\$111,968</u>	<u>\$114,926</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON 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	\$291,034	\$ 355,438	\$646,472
Other Revenue	300	775	1,075
	<u>291,334</u>	<u>356,213</u>	<u>647,547</u>
Total Cash Receipts			
	<u>291,334</u>	<u>356,213</u>	<u>647,547</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	76,634	96,434	173,068
Contract Services	178,856	347,425	526,281
Administrative Services	20,000	0	20,000
Supplies and Materials	0	19,940	19,940
Travel/Training	0	5,740	5,740
	<u>275,490</u>	<u>469,539</u>	<u>745,029</u>
Total Cash Disbursements			
	<u>275,490</u>	<u>469,539</u>	<u>745,029</u>
Total Receipts Over/(Under) Disbursements	<u>15,844</u>	<u>(113,326)</u>	<u>(97,482)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In	0	44,800	44,800
Transfers-Out	(44,800)	0	(44,800)
	<u>(44,800)</u>	<u>44,800</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(44,800)</u>	<u>44,800</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(28,956)	(68,526)	(97,482)
Fund Cash Balances, January 1	<u>29,316</u>	<u>149,895</u>	<u>179,211</u>
Fund Cash Balances, December 31	<u><u>\$360</u></u>	<u><u>\$81,369</u></u>	<u><u>\$81,729</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Ohio Revised Code, 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 section 5153.15 of the Revised Code;
- 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 section 3301.31 of the Revised Code;
- 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 member representing families shall be equal to twenty percent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills services gaps where possible, or invents new approaches to achieve better results for families and children;
- d. 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";
- 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.

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.

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

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

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

Even Start Grant Fund – This fund is used to account for receipts and expenditures of the Council's Even Start Grant.

Help Me Grow – This fund is used to account for receipts and expenditures of the Council's Help Me Grow Grant.

D. Administrative/ Fiscal Agent

The Council designated the Madison County Auditor as the fiscal agent for all funds received in the name of the Council. During 2001, Madison County established a Department of Family Council. This Department has been designated as the Council's administrative agent. Prior to the formation of the Department of Family Council, the Commissioners served as administrative agent.

E. Equity in Pooled Cash

The Madison County Treasurer maintains a cash and investments pool used by all of the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County Auditor at December 31, 2002 was \$114,926 and December 31, 2001 was \$81,729. The Madison County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of Madison County,

F. Budgetary Process

Sub. H.B. 262 states a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Ohio Rev. Code. However, Ohio Rev. Code 121.37 states the Council must file an annual budget with the administrative agent and copies must be filed with the County Auditor and the Board of County Commissioners.

A summary of budgetary activity for 2002 and 2001 appears in Note 3.

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. 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 basis of accounting used by the Council.

2. 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	\$135,734	\$136,736	\$1,002
Special Revenue	478,904	465,875	(13,029)
Total	\$614,638	\$602,611	(\$12,027)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,734	\$134,138	\$1,596
Special Revenue	491,136	435,276	55,860
Total	\$626,870	\$569,414	\$57,456

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$792,308	\$291,334	(\$500,974)
Special Revenue	1,011,574	401,013	(610,561)
Total	\$1,803,882	\$692,347	(\$1,111,535)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$403,267	\$320,290	\$82,977
Special Revenue	335,266	469,539	(134,273)
Total	\$738,533	\$789,829	(\$51,296)

**FAMILY AND CHILDREN FIRST COUNCIL
MADISON COUNTY**

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

3. RETIREMENT SYSTEMS

The Council's employees belong to the Public Employees Retirement System (PERS) and State Teachers Retirement System (STRS) of Ohio. PERS and STRS are cost sharing, multiple employer plans providing 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. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of the participants' gross salaries. For 2002 and 2001, STRS members contributed 9.3% of their gross salaries. The Council contributed an amount equal to 14% of the participants' gross salaries. The Council has paid all contributions required through December 31, 2002.

4. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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Auditor of State Betty Montgomery

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

Family and Children First Council
Madison County
52 South Main Street
London, Ohio 43140

To the Council Members:

We have audited the financial statements of the Family and Children First Council, Madison County, Ohio, (the Council) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated July 14, 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 are 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.

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This report is intended for the information and use of the audit committee, management, and the 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 14, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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MADISON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MADISON 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 16, 2003**