



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Shelby County  
217 South Main Street  
Sidney, Ohio 45365

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council (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 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 2, 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 finance/audit committee, management, the Council Members, 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 2, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental		\$336,564	\$336,564
Local Agency Contributions	\$40,612	16,024	56,636
Miscellaneous	2,480	3,318	5,798
	<u>43,092</u>	<u>355,906</u>	<u>398,998</u>
<b>Total Cash Receipts</b>			
	<u>43,092</u>	<u>355,906</u>	<u>398,998</u>
<b>Cash Disbursements:</b>			
Personal Services	12,646	229,376	242,022
Contracted Services	1,000	87,925	88,925
Utilities		6,725	6,725
Supplies and Materials	1,766	7,762	9,528
Capital Outlay		9,637	9,637
Miscellaneous	605	3,881	4,486
Refunds		2,627	2,627
Program Services	1,367	12,090	13,457
	<u>17,384</u>	<u>360,023</u>	<u>377,407</u>
<b>Total Cash Disbursements</b>			
	<u>17,384</u>	<u>360,023</u>	<u>377,407</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>25,708</u>	<u>(4,117)</u>	<u>21,591</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Advance-In from County Commissioners		30,000	30,000
Advances-In	67,587	100,927	168,514
Advance -Out to County Commissioners		(30,000)	(30,000)
Advances-Out	(100,927)	(67,587)	(168,514)
	<u>(33,340)</u>	<u>33,340</u>	<u></u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(33,340)</u>	<u>33,340</u>	<u></u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(7,632)</u>	<u>29,223</u>	<u>21,591</u>
<b>Fund Cash Balances, January 1</b>	<u>35,619</u>	<u>89,989</u>	<u>125,608</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$27,987</u></u>	<u><u>\$119,212</u></u>	<u><u>\$147,199</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY 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>	
<b>Cash Receipts:</b>			
Intergovernmental	\$1,500	\$200,530	\$202,030
Local Agency Contributions	36,644	15,000	51,644
Miscellaneous	422	500	922
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	38,566	216,030	254,596
<b>Cash Disbursements:</b>			
Personal Services	72,093	88,143	160,236
Contracted Services	4,117	95,123	99,240
Utilities	1,498	3,434	4,932
Supplies and Materials	677	2,985	3,662
Miscellaneous	1,779	3,364	5,143
Refunds		11,762	11,762
Program Services		27,199	27,199
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	80,164	232,010	312,174
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(41,598)	(15,980)	(57,578)
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	56,892	58,186	115,078
Advances-Out	(58,186)	(56,892)	(115,078)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(1,294)	1,294	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(42,892)	(14,686)	(57,578)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	78,511	104,675	183,186
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$35,619</b>	<hr/> <b>\$89,989</b>	<hr/> <b>\$125,608</b>

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



**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

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

**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 permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of human services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
5. The superintendent of the county board of mental retardation and developmental disabilities;
6. The county's juvenile court judge senior in service;
7. 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;
8. 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;
9. A representative of the largest city in the county;
10. The chair of the board of county commissioners, or an individual designated by the board;
11. A representative of the regional office of the department of youth services;
12. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
13. 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";
14. 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 percent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a county wide, 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.

Council was officially recognized as being established by the Governor on October 27, 1995.

**B. Basis of Accounting**

The Council prepares its financial statements on a basis of cash receipts and disbursements, consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements of the Council under the basis of accounting used.

**C. Equity in Pooled Cash and Investments**

The County Treasurer is responsible for the investment of Council funds. All interest earned is paid into the General Fund of the County as per State law.

**D. 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 transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

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

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

**1. Governmental Funds**

**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 accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. The Council has the following significant Special Revenue Funds:

**Help Me Grow Grant** - The Help Me Grow Program provides prenatal care, necessities that provide safety for infants and children.

**Administrative Grant** - This fund receives grant money to assist the Council in providing for a director to oversee the Council's projects.

**Family Stability Incentive Grant Fund** - This fund receives grant money to be used for programs and services that assist in keeping at risk families united.

**Wellness Block Grant Fund** - This fund receives grant money to be used for the development of programming in the prevention of teen pregnancy and child abuse and neglect.

**E. 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.

**F. Fiscal Agent**

The Shelby County Auditor serves as fiscal agent for the Council. Council funds are deposited with the Shelby County Treasurer. Council funds are maintained in separate agency funds on the accounting system of the County.

**G. Total Columns On Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Shelby County Treasurer maintains a cash and investments pool used by all of Shelby County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>2002</u>	<u>2001</u>
Cash with Fiscal Agent	<u>\$147,199</u>	<u>\$125,608</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**3. RETIREMENT SYSTEMS**

The Council's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. The 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. PERS 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, 2002.



**Auditor of State  
Betty Montgomery**

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

Family and Children First Council  
Shelby County  
217 South Main Street  
Sidney, Ohio 45365

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council (the Council) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated July 2, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated July 2, 2003.

**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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated July 2, 2003.

Family and Children First Council  
Shelby County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the finance/audit committee, management, and 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 2, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2002-001**

**Noncompliance Citation**

45 C.F.R. Section 2541.200 requires that when funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U. S. Treasury or pass-through agency and disbursement. Draw-downs should be used for immediate needs.

The amount of Family Stability program funds requested exceeded the amounts required to meet current needs and resulted in the Council returning \$11,762 in unspent program funds for year 2001.

The Council should continuously monitor the grant balance and drawdowns of grant funds should be requested only for immediate needs.

**FAMILY AND CHILDREN FIRST COUNCIL  
SHELBY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-60275-001	Council did not monitor drawdowns of grant funds to ensure grant funds being requested only for immediate needs.	No	Not Corrected. Repeated as finding 2002-001.





**Auditor of State  
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL**

**SHELBY 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 30, 2003**