



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Logan County  
P.O. Box 710  
1973 St. Rt. 47 W  
Bellefontaine, Ohio 43311

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Logan County (the "Council"), as of and for the years ended June 30, 2002 and 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 and reserves for encumbrances of the Council as of June 30, 2002 and 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 April 4, 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 Section 117.26, 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

April 4, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	\$64,726	\$575,895	\$640,621
<b>Cash Disbursements:</b>			
Current:			
Personal Services	45,401	338,960	384,361
Contractual Services	12,151	179,736	191,887
Supplies	1,177	4,907	6,084
Capital Outlay		3,976	3,976
Miscellaneous	365	669	1,034
Total Disbursements	<u>59,094</u>	<u>528,248</u>	<u>587,342</u>
Total Receipts Over Disbursements	5,632	47,647	53,279
Fund Cash Balances, July 1	<u>8,077</u>	<u>48,005</u>	<u>56,082</u>
<b>Fund Cash Balances, June 30</b>	<u><u>\$13,709</u></u>	<u><u>\$95,652</u></u>	<u><u>\$109,361</u></u>
Reserves for Encumbrances, June 30	<u><u>\$9,172</u></u>	<u><u>\$48,804</u></u>	<u><u>\$57,976</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental	<u>\$70,592</u>	<u>\$497,030</u>	<u>\$567,622</u>
<b>Cash Disbursements:</b>			
Current:			
Personal Services	56,430	292,274	348,704
Contractual Services	15,567	206,835	222,402
Supplies	1,833	6,230	8,063
Capital Outlay	1,562		1,562
Miscellaneous	<u>5,415</u>	<u>443</u>	<u>5,858</u>
Total Disbursements	<u>80,807</u>	<u>505,782</u>	<u>586,589</u>
Total Receipts (Under) Disbursements	(10,215)	(8,752)	(18,967)
Fund Cash Balances, July 1	<u>18,292</u>	<u>56,757</u>	<u>75,049</u>
<b>Fund Cash Balances, June 30</b>	<u><u>\$8,077</u></u>	<u><u>\$48,005</u></u>	<u><u>\$56,082</u></u>
Reserves for Encumbrances, June 30	<u><u>\$15</u></u>	<u><u>\$22,946</u></u>	<u><u>\$22,961</u></u>

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



**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils (the "Council"). 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 members representing families shall be equal to twenty percent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 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 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";
- 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.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

**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.

**C. Cash and Investments**

The Logan County Education Service Center acts as fiscal agent for the Council and maintains a cash and investment pool used by all Center funds.

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

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

**D. 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**

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

**2. 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 expenditure for specific purposes. The Council had the following significant Special Revenue Fund:

Early Start – The fund receives Early Start Grant monies from the State of Ohio to be expended according to the requirements of the grant.

**D. BUDGETARY PROCESS**

The Center's by-laws require the adoption of an annual budget. A summary of this activity appears in Note 3.

**E. FISCAL/ADMINISTRATIVE AGENT**

The Logan County Educational Service Center is the fiscal and administrative agent for the Council.

**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 basis of accounting used by the Council.

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

The Ohio Revised Code prescribes allowable deposits and investments.

The Logan County Educational Service Center acts as fiscal agent and maintains a cash and investment pool used by all Center funds. The carrying amount for the Council's portion of cash and investments on the records of the Educational Service Center as of June 30, 2002 and 2001 was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$109,361</u>	<u>\$56,082</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending June 30, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$93,558	\$64,726	(\$28,832)
Special Revenue	693,577	575,895	(117,682)
Total	<u>\$787,135</u>	<u>\$640,621</u>	<u>(\$146,514)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,270	\$68,266	\$25,004
Special Revenue	716,200	577,052	139,148
Total	<u>\$809,470</u>	<u>\$645,318</u>	<u>\$164,152</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$117,587	\$70,592	(\$46,995)
Special Revenue	580,135	497,030	(83,105)
Total	<u>\$697,722</u>	<u>\$567,622</u>	<u>(\$130,100)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,142	\$80,822	\$39,320
Special Revenue	607,510	528,728	78,782
Total	<u>\$727,652</u>	<u>\$609,550</u>	<u>\$118,102</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2002 AND 2001  
(Continued)**

**4. RETIREMENT SYSTEMS**

Council employees belong to the School Employees Retirement System of Ohio ("SERS"). SERS is a cost-sharing multiple employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

SERS members contributed 9% of their gross salaries during 2002 and 2001. The Council contributed an amount equal to 14% of participants' gross salaries. The Council has paid all contributions required through June 30, 2002.

**5. CONTINGENT LIABILITIES**

The Council received 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 are 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2002 and 2001..

**6. RISK MANAGEMENT**

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

**7. SUBSEQUENT EVENT**

During March 2003, the Council received notification that they would no longer have a contract with the Logan County Department of Job and Family Services (LCDJ&FS) to provide services for the 3-5 Expansion Help Me Grow Subsidy. This contract with the LCD&JFS provided \$133,044 to the Council during 2002. As a result of this termination, the Council had to lay off four employees.

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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  
Logan County  
P.O. Box 710  
1973 St. Rt. 47 W  
Bellefontaine, Ohio 43311

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Logan County (the "Council"), as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated April 4, 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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated April 4, 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 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 Council in a separate letter dated April 4, 2003.

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

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 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

April 4, 2003





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
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**FAMILY AND CHILDREN FIRST COUNCIL**

**LOGAN 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  
MAY 22, 2003**