



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Morgan County
PO Box 398
Malta, Ohio 43758

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Morgan County, Ohio (the Council) as of and for the years ended December 31, 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 of the Family and Children First Council, Morgan County, as of December 31, 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 September 24, 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 management, the 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

September 24, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental Receipts	\$20,000	\$357,189	\$377,189
Earnings on Investments	37	341	378
	<u>20,037</u>	<u>357,530</u>	<u>377,567</u>
Total Cash Receipts			
	<u>20,037</u>	<u>357,530</u>	<u>377,567</u>
Cash Disbursements:			
Current:			
Salaries	7,423		7,423
Fringe Benefits	4,377		4,377
Travel	1,276		1,276
Audit	44		44
Grant Funds Returned		53,511	53,511
Other	3,922	17,531	21,453
Contractual - Client Services		210,256	210,256
Direct Client Services	90	505	595
	<u>17,132</u>	<u>281,803</u>	<u>298,935</u>
Total Cash Disbursements			
	<u>17,132</u>	<u>281,803</u>	<u>298,935</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,905</u>	<u>75,727</u>	<u>78,632</u>
Fund Cash Balances, January 1	<u>10,616</u>	<u>32,181</u>	<u>42,797</u>
Fund Cash Balances, December 31	<u><u>\$13,521</u></u>	<u><u>\$107,908</u></u>	<u><u>\$121,429</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN 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</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Intergovernmental Receipts	\$20,000	\$196,490	\$216,490
Earnings on Investments	91	280	371
	<u>20,091</u>	<u>196,770</u>	<u>216,861</u>
Total Cash Receipts			
	<u>20,091</u>	<u>196,770</u>	<u>216,861</u>
Cash Disbursements:			
Current:			
Salaries	6,724	264	6,988
Fringe Benefits	6,332		6,332
Travel	1,585		1,585
Audit	1,321		1,321
Grant Funds Returned		17,711	17,711
Other	3,628	7,455	11,083
Contractual - Client Services		200,591	200,591
Direct Client Services	375		375
	<u>19,965</u>	<u>226,021</u>	<u>245,986</u>
Total Cash Disbursements			
	<u>19,965</u>	<u>226,021</u>	<u>245,986</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>126</u>	<u>(29,251)</u>	<u>(29,125)</u>
Fund Cash Balances, January 1	<u>10,490</u>	<u>61,432</u>	<u>71,922</u>
Fund Cash Balances, December 31	<u><u>\$10,616</u></u>	<u><u>\$32,181</u></u>	<u><u>\$42,797</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN 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 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 per cent 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 Rev. 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 Rev. 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
MORGAN COUNTY**

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

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 representation of families who are receiving services within the County system.

B. Basis of Accounting

The financial statement follows 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.

This statement includes 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:

General Fund

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

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 Funds:

Wellness Block Grant Fund - This fund is used to account for federal and state grant funds used to focus on reducing teenage pregnancy and provide latitude to local Councils to make decisions for funding prevention services.

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Early Start Grant Fund - This fund was used to account for federal and state grant funds to be used for families with children ages birth to three years and pregnant women who are at risk for abuse, neglect or developmental delay through June 2001.

Help Me Grow Grant Fund – Beginning in July 2001, this fund is used to account for federal and state grant funds to be used for families with children ages birth to three years and pregnant women who are at risk for abuse neglect or developmental delay.

Family Stability Incentive Grant Fund - This fund is used to account for federal and state grant funds to be used to reduce the number of children removed from their homes, to encourage the development of interagency diversion teams to provide appropriate services and support to prevent such removals.

D. Fiscal and Administrative Agents

The Community Action Program Corporation of Washington-Morgan Counties, Ohio, serves as the fiscal agent for the Council. The Morgan County Commissioners serve as the administrative agent for the Council.

E. Pooled Cash and Investments

The Council's cash and investments are maintained by the Washington-Morgan County Community Action Program Corporation, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments and the Council is responsible for compliance. As of December 31, 2002 and 2001, the Council's share of the Washington-Morgan County Community Action Program Corporation's cash and investment pool was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$121,429</u>	<u>\$42,797</u>

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

F. Budgetary Activity

The Council is required by law to file an annual estimate of expenditures and revenue with Morgan County. This estimate is to be adopted by the Council and the Morgan County Commissioners. The Council and County Commissioners approve any changes made to this estimate during the year. The County Commissioners ensure that the Council's expenditures do not exceed appropriations. The Council did file the required budget in 2001 and 2002. Budgets were filed based on the grant program year, which ends June 30. As a result, it was not practical to present calendar year information.

**FAMILY AND CHILDREN FIRST COUNCIL
MORGAN COUNTY**

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

2. SOCIAL SECURITY BENEFIT PROGRAM

Community Action Program Corporation of Washington-Morgan Counties, Ohio, is a not-for-profit agency and does not participate in the Public Employees Retirement System (PERS). As the fiscal agent for the Council, Community Action served as employer for Council personnel. The Council's employees contribute to Social Security and Medicare.

All required contributions have been paid 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
Morgan County
PO Box 398
Malta, Ohio 43758

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Morgan County, Ohio (the Council) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 24, 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 September 24, 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 September 24, 2003.

Family and Children First Council
Morgan County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of 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

September 24, 2003



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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MORGAN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MORGAN 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
NOVEMBER 6, 2003**