



**Auditor of State
Betty Montgomery**

HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Highland County Family and Children First Council
Highland County
1575 North High Street
Hillsboro, Ohio 45133

To the Council:

We have audited the accompanying financial statements of the Highland County Family and Children First Council, Highland 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 Council 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 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 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

September 29, 2003

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$ 123,743	\$ 191,033	\$ 314,776
Total Cash Receipts	123,743	191,033	314,776
Cash Disbursements:			
Contract Services	66,057	180,625	246,682
Salaries & Benefits	38,152		38,152
Supplies/Equipment	1,232		1,232
Travel/Training	3,310		3,310
Administration	983		983
Miscellaneous	2,270		2,270
Total Cash Disbursements	112,004	180,625	292,629
Total Receipts Over/(Under) Disbursements	11,739	10,408	22,147
Other Financing Receipts/(Disbursements):			
Transfers -In	7	8,063	8,070
Transfers -Out		(8,070)	(8,070)
Total Other Financing Receipts/(Disbursements)	7	(7)	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,746	10,401	22,147
Fund Cash Balances, January 1	11,169	8,071	19,240
Fund Cash Balances, December 31	\$ 22,915	\$ 18,472	\$ 41,387

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

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$ 52,962	\$ 260,262	\$ 313,224
Total Cash Receipts	52,962	260,262	313,224
Cash Disbursements:			
Contract Services	25,462	307,464	332,926
Salaries & Benefits	26,485	15,038	41,523
Supplies/Equipment	320	8,878	9,198
Travel/Training	804	8,538	9,342
Administration	430	1,586	2,016
Miscellaneous	268	4,322	4,590
Total Cash Disbursements	53,769	345,826	399,595
Total Receipts Over/(Under) Disbursements	(807)	(85,564)	(86,371)
Other Financing Receipts/(Disbursements):			
Advances - In	10,000		10,000
Advances - Out	(10,000)		(10,000)
Total Other Financing Receipts/(Disbursements)	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(807)	(85,564)	(86,371)
Fund Cash Balances, January 1 (Restated - See Note 5)	11,976	93,635	105,611
Fund Cash Balances, December 31	\$ 11,169	\$ 8,071	\$ 19,240

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

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised 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 county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- b. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- c. The director of the county department of human services.
- d. The executive director of the county children's services board.
- e. The superintendent of the county board of mental retardation and developmental disabilities.
- f. The administrative or the judge senior in service or his designee for the county's juvenile court.
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county.
- 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 municipal corporation with the largest population in the county.
- j. The chair of the board of county commissioners, or designee.
- k. A representative of the regional office of the department of youth services.
- l. A representative of the county's head start agencies.
- m. A representative of the county's early intervention collaborative.
- n. At least three individuals whose families are receiving or have received services from an agency which is represented on the council. If possible, 20% of the council's membership should consist of members representing families.
- o. The director of the community mental health board.
- p. A representative of the local nonprofit entity that funds, advocates, or provides services to children and families.

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND 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; and,
- 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.

C. Fund Accounting

The Council uses fund accounting to segregate cash deposits 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 accounted for in another fund.

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following significant Special Revenue Funds:

Wellness Block Grant –This fund is used to account for receipts to focus on teen pregnancy prevention efforts.

Early Start Grant – This fund is used to account for receipts to provide funding for home visiting services and community supports for infants, toddlers and families to prevent abuse, neglect and developmental delay.

Help Me Grow –This fund is used to account for receipts to provide services for children birth to three years and their families.

D. Fiscal Agent

The Highland County Auditor serves as the Council's fiscal agent. The Highland County Commissioners serve as the Council's administrative agent. The administrative agent provides a program coordinator to oversee the various programs under the Family and Children First Council.

E. Service Coordinator

The purpose of the Council is to identify ways in which the Child Servicing System can provide services to the community in the most efficient and effective manner. A Service Coordinator has been hired to coordinate all Family and Children First programs. This employee contributes to the Public Employees Retirement System which is described in Note 3.

F. 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.

2. CASH DEPOSITS

The Highland County Treasurer maintains a cash pool used by all of the County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments, and the County is responsible for meeting compliance requirements. The Council's carrying amount of cash on deposit with the County at December 31, 2002 and 2001, was \$41,387 and \$19,240, respectively.

3. RETIREMENT SYSTEM

The Service Coordinator belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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.

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY**

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

3. RETIREMENT SYSTEM (Continued)

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

4. RISK MANAGEMENT

The Council is covered under Highland County's insurance policy.

5. RESTATEMENT OF FUND BALANCE

During the audit for the period ending 12/31/02, it was determined that fund balances were understated in the 2000 financial statements. The 2000 statements erroneously omitted \$16,883 of Early Start Grant monies. The correction had the following effect on fund balance at January 1, 2001:

	Special Revenue
December 31, 2000 Fund Balance	<u>\$76,752</u>
Correction of Error - Early Start Grant	<u>16,883</u>
Restated January 1, 2001 Fund Balance	<u><u>\$93,635</u></u>



Auditor of State Betty Montgomery

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

Highland County Family and Children First Council
Highland County
1575 North High Street
Hillsboro, Ohio 45133

To the Council:

We have audited the accompanying financial statements of the Highland County Family and Children First Council, Highland County, Ohio (the Council), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 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 are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated September 29, 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 certain 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 September 29, 2003.

Highland County Family and Children First Council
Highland 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 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

September 29, 2003



**Auditor of State
Betty Montgomery**

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HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HIGHLAND 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 14, 2003**