



**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Child and Family Council
Champaign County
1512 U.S. Highway 68, Suite N100
Urbana, Ohio 43078

To Members of the Council:

We have audited the accompanying financial statements of the Child and Family Council, Champaign County (the Council), as of and for the years ended December 31, 2000 and 1999. 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 fund cash balances of the Child and Family Council, Champaign County, as of December 31, 2000 and 1999, and its 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 5, 2001 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, 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.

Jim Petro
Auditor of State

July 5, 2001

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental		\$133,408	\$133,408
Administrative Fees	13,382		13,382
Membership Pledges	29,155		29,155
Total Cash Receipts	42,537	133,408	175,945
Cash Disbursements:			
Intergovernmental		12,936	12,936
Salaries	33,947		33,947
Benefits	5,618		5,618
Supplies	587		587
Publications	405		405
Travel	650	170	820
Training	100		100
Contract Services		24,049	24,049
Administration	7,803	1,767	9,570
Total Cash Disbursements	49,110	38,922	88,032
Total Receipts Over/(Under) Disbursements	(6,573)	94,486	87,913
Fund Cash Balances, January 1	40,438	0	40,438
Fund Cash Balances, December 31	\$33,865	\$94,486	\$128,351

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

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$20,000	\$169,074	\$189,074
Administrative Fees	5,776		5,776
Membership Pledges	47,048		47,048
	<u>72,824</u>	<u>169,074</u>	<u>241,898</u>
Total Cash Receipts			
	<u>72,824</u>	<u>169,074</u>	<u>241,898</u>
Cash Disbursements:			
Intergovernmental Disbursements		169,074	169,074
Salaries	35,470		35,470
Benefits	5,641		5,641
Supplies	805		805
Publications	10		10
Travel	1,111		1,111
Training	625		625
Contract Services	14,518		14,518
Administration	6,166		6,166
	<u>64,346</u>	<u>169,074</u>	<u>233,420</u>
Total Cash Disbursements			
	<u>64,346</u>	<u>169,074</u>	<u>233,420</u>
Total Receipts Over Disbursements	8,478	0	8,478
Fund Cash Balances, January 1	31,960	0	31,960
	<u>31,960</u>	<u>0</u>	<u>31,960</u>
Fund Cash Balances, December 31	<u>\$40,438</u>	<u>\$0</u>	<u>\$40,438</u>

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

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First 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 Ohio Revised Code;
- e. The superintendent of the county board of mental retardation and development 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 3301.11 of the Ohio 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.

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.

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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

Council was officially recognized as being established by the Governor on March 30, 1995.

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. Fund Accounting

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.

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund

This fund is 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 sources of special revenue funding: Family Stability Grant, Wellness Block Grant, and the Welcome Home Grant.

D. Fiscal Agent

The Champaign County Auditor serves as fiscal agent for the Council.

E. Administrative Agent

The Champaign County Department of Jobs and Family Services serves as administrative agent for the Council.

F. Council Coordinator

Council employs an coordinator to manage the activities of the Council on a day to day basis. The Coordinator's salary is processed by the Champaign County Auditor's payroll system. Funds used to pay the salary are derived from the state Administrative Grant and local agency contributions received by the Council. The County issues an IRS form W-2 to this employee at year end.

G. Unpaid Vacation and Sick Leave

The Coordinator is 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.

H. Grant Subrecipients

During 2000 and 1999, Council was awarded the Welcome Home and the Welcome Home Newborn Visit Grants. Council passed these grants on to a subrecipient, Mercy Memorial Hospital. Council was also awarded the Wellness Grant which was administered through the Children's Services Fund. Although these grants were awarded to the Council, the funds were usually received directly by the subrecipients. These grants are presented as Intergovernmental Receipts and Intergovernmental Disbursements on the Councils financial statements to reflect the pass-through of these monies.

I. 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.

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Champaign County Auditor maintains a cash pool used by all of the County's funds, including those of the Child and Family Council. The Council's carrying amount of the cash on deposit with the County at December 31, 2000 and 1999, was \$128,351 and \$40,438, respectively. The Champaign County Auditor, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in Champaign County's pooled and deposit amounts.

3. DEFINED BENEFIT PENSION PLAN

A. Public Employees Retirement System

The Coordinator belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. Council contributed an amount equal to 13.55% of the Coordinator's gross salary for January 1999 through June 2000 and an amount equal to 8.13% of the participant's gross salaries for July through December 2000. Council has paid all contributions required through December 31, 2000.

B. Subsequent Events

On July 1, 2001 Child and Family Council became a department under the Champaign County Board of Commissioners. As of that date the Board of Commissioners assumed the responsibility of Administrative Agent for Council. The County Auditor remained Fiscal Agent.



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

Child and Family Council
Champaign County
1512 U.S. Highway 68, Suite N100
Urbana, Ohio 43078

To Members of the Council:

We have audited the accompanying financial statements of the Child and Family Council, Champaign County (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 5, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 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 July 5, 2001.

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. We noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60311-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above to be a material weakness. We also 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 5, 2001.

Child and Family Council
Champaign County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 5, 2001

**CHILD AND FAMILY COUNCIL
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-60311-001

Several internal control weaknesses were noted over accounting functions at the Child and Family Council.

- Council received significant grants (state and federal) and membership fees, however most of the receipts for these revenues were posted to the books as "Other Receipts", with incorrect descriptions of the source. In addition, grant receipts were co-mingled in the same fund and account with membership fees and administration fees.
- Council's expenditures for grants were co-mingled with other expenditures in one fund and account and could not be identified as an expense of a particular grant.

The above conditions resulted in inaccurate reporting on the books of the fiscal agent. Failure to account for grant expenditures in a manner that is easily traceable to the grant source could result in incorrect grant reports and the possible loss of future grant funds.

Council should review the chart of accounts with its fiscal agent and establish funds and revenue accounts which accurately reflect the source of receipts and expenditure accounts for grants which are easily traceable to each grant by funding source.



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CHILD AND FAMILY COUNCIL

CHAMPAIGN 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
AUGUST 16, 2001**