



**FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Marion County Family and Children First Council
Marion County
241 Executive Drive, Suite 2
Marion, Ohio 43302

To the Council:

We have audited the accompanying financial statements of the Marion County Family and Children First Council, Marion County, Ohio, (the Council) as of and for the years ended December 31, 2000 and December 31, 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 combined fund cash balances and reserves for encumbrances of the Marion County Family and Children First Council as of December 31, 2000 and December 31, 1999, 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 October 26, 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 management, Planning Committee, 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.

JIM PETRO
Auditor of State

October 26, 2001

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**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**COMBINED 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: | | | |
| Grants | \$20,000 | \$418,406 | \$438,406 |
| Intergovernmental | 0 | 108 | 108 |
| Local Agencies | 0 | 10,375 | 10,375 |
| Reimbursements | 0 | 5,620 | 5,620 |
| Other Revenue | 0 | 7,498 | 7,498 |
| Total Cash Receipts | 20,000 | 442,007 | 462,007 |
| Cash Disbursements: | | | |
| Salaries and Benefits | 0 | 50,665 | 50,665 |
| Administrative Services | 20,000 | 0 | 20,000 |
| Contract Services | 0 | 311,355 | 311,355 |
| Other Expenses | 0 | 18,841 | 18,841 |
| Total Cash Disbursements | 20,000 | 380,861 | 400,861 |
| Total Receipts Over/(Under) Disbursements | 0 | 61,146 | 61,146 |
| Fund Cash Balances, January 1 | 0 | 77,563 | 77,563 |
| Fund Cash Balances, December 31 | \$0 | \$138,709 | \$138,709 |
| Reserve for Encumbrances, December 31 | \$0 | \$16,075 | \$16,075 |

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

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

**COMBINED 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: | | | |
| Grants | \$20,000 | \$415,803 | \$435,803 |
| Total Cash Receipts | <u>20,000</u> | <u>415,803</u> | <u>435,803</u> |
| Cash Disbursements: | | | |
| Salaries and Benefits | 0 | 61,179 | 61,179 |
| Administrative Services | 20,000 | 0 | 20,000 |
| Contract Services | 0 | 359,248 | 359,248 |
| Total Cash Disbursements | <u>20,000</u> | <u>420,427</u> | <u>440,427</u> |
| Total Receipts Over/(Under) Disbursements | 0 | (4,624) | (4,624) |
| Fund Cash Balances, January 1 (Restated, see note 4) | <u>0</u> | <u>82,187</u> | <u>82,187</u> |
| Fund Cash Balances, December 31 | <u>\$0</u> | <u>\$77,563</u> | <u>\$77,563</u> |
| Reserve for Encumbrances, December 31 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

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

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

1. 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. 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 per cent of the council's remaining membership;
- o. A representative of the local nonprofit entity that funds, advocates or provides services to children and families.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

1. DESCRIPTION OF THE ENTITY (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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. 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 of the Council. It is used to account for all financial resources except those required by law or contract to be restricted.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (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 had the following significant Special Revenue Funds:

Early Start Fund - This fund receives federal and state grant revenue that is used for home visiting services and community support for infants and toddlers and their families to prevent abuse, neglect, and developmental delay.

Family Stability Incentive Fund - This fund receives federal and state grant revenue that is used to reduce the number of children removed from their homes.

Wellness Block Grant Fund - This fund receives state grant revenue that is used to reduce the rate of births to teens and to implement a child abuse and neglect prevention program.

C. Budgetary Process

The Council is required by law to submit a budget annually to its administrative agent, the county auditor, and the board of county commissioners. The Council adopted a budget at the object level.

The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity at December 31, 2000 and December 31, 1999 appears in Note 4.

D. Administrative and Fiscal Agent

The North Central Ohio Educational Service Center was the Council's administrative and fiscal agent until June 30, 2000. Beginning July 1, 2000, the Marion County Commissioners became the Council's administrative and fiscal agent for all of the Council's funds. Council funds are maintained in separate agency funds at these agencies.

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. 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 cash basis of accounting used by the Council.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

3. EQUITY IN POOLED CASH

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

| | <u>2000</u> | <u>1999</u> |
|----------------|-------------|-------------|
| Total deposits | \$ 138,709 | \$ 77,563 |

The fiscal agent is responsible for maintaining adequate depository collateral for all funds in their pool.

4. CORRECTION OF AN ERROR

The 1998 year-end balance was overstated by \$48,054. The North Central Ohio Educational Service Center was administrative and fiscal agent and receipted and disbursed the Council's monies to the respective agencies (i.e., Marion City School District, Marion County and Marion Adolescent Pregnancy Program, Inc.), prior to July 1, 2000. Cash balances as of January 1, 1999 were restated as follows:

| | <u>Fund Balance at 12/31/98</u> | <u>Restated Fund Balance at 1/1/99</u> |
|-----------------|-------------------------------------|--|
| General | \$6,876 | \$0 |
| Special Revenue | \$123,365 | \$82,187 |

5. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|--|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 20,000 | \$ 20,000 | \$ 0 |
| Special Revenue | 394,432 | 442,007 | \$ 47,575 |
| Total | \$ 414,432 | \$ 462,007 | \$ 47,575 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 20,000 | \$ 20,000 | \$ 0 |
| Special Revenue | 487,665 | 396,936 | \$ 90,729 |
| Total | \$ 507,665 | \$ 416,936 | \$ 90,729 |

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

5. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Receipts | | | |
|--|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 20,000 | \$ 20,000 | \$ 0 |
| Special Revenue | 415,803 | 415,803 | \$ 0 |
| Total | \$ 435,803 | \$ 435,803 | \$ 0 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 20,000 | \$ 20,000 | \$ 0 |
| Special Revenue | 420,427 | 420,427 | \$ 0 |
| Total | \$ 440,427 | \$ 440,427 | \$ 0 |

6. RETIREMENT SYSTEMS

State Teachers Retirement System

Marion City School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS.

The Council Director was a plan member and was required to contribute 9.3% of her salary, and the Council was required to contribute 14%. The Council has paid all contributions required through December 31, 2000.

Public Employees Retirement System

Other Council employees belong to the Public Employees Retirement System (PERS) of Ohio. The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, the PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Council has paid all contributions required through December 31, 2000.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY**

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

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



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

Marion County Family and Children First Council
Marion County
241 Executive Drive, Suite 2
Marion, Ohio 43302

To the Council:

We have audited the accompanying financial statements of the Marion County Family and Children First Council, Marion County, Ohio (the Council), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated October 26, 2001. 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 October 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 October 26, 2001.

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

This report is intended for the information and use of the planning committee, management and the Council and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

October 26, 2001

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

| <u>Finding Number</u> | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|-----------------------|---|-------------------------|---|
| 98-60651-001 | Reportable condition regarding the identification of federal/non-federal funding. | Yes. | Corrective Action Taken. |



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MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MARION 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 8, 2001**