



**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAMILY & CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Family & Children First Council
Miami County
201 W. Main Street
Troy, Ohio 45373

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Miami 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 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. 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 Family and Children First Council, Miami County, as of December 31, 2000 and 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 May 10, 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, the Board 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

May 10, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$57,025	\$404,238	\$461,263
Membership Fees	11,125		11,125
Administrative Fees	23,266		23,266
	<u>91,416</u>	<u>404,238</u>	<u>495,654</u>
Total Cash Receipts			
Cash Disbursements:			
Intergovernmental	35,496	375,116	410,612
Other Disbursements	10,403		10,403
	<u>45,899</u>	<u>375,116</u>	<u>421,015</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	45,517	29,122	74,639
Fund Cash Balances, January 1	<u>15,320</u>	<u>0</u>	<u>15,320</u>
Fund Cash Balances, December 31	<u><u>\$60,837</u></u>	<u><u>\$29,122</u></u>	<u><u>\$89,959</u></u>
Reserve for Encumbrances, December 31	<u><u>\$9,775</u></u>	<u><u>\$3,841</u></u>	<u><u>\$13,616</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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:			
Intergovernmental		\$285,607	\$285,607
Membership Fees	7,800		7,800
	7,800	285,607	293,407
Total Cash Receipts			
	7,800	285,607	293,407
Cash Disbursements:			
Intergovernmental Disbursements	11,591	285,607	297,198
Other Disbursements	2,001		2,001
	13,592	285,607	299,199
Total Cash Disbursements			
	13,592	285,607	299,199
Total Receipts (Under) Disbursements	(5,792)	0	(5,792)
Fund Cash Balances, January 1	21,112	0	21,112
	21,112	0	21,112
Fund Cash Balances, December 31	\$15,320	\$0	\$15,320
	\$15,320	\$0	\$15,320
Reserve for Encumbrances, December 31	\$10,523	\$5,208	\$15,731
	\$10,523	\$5,208	\$15,731

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

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designee;
3. The director of the county department of human services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Ohio Revised Code;
5. The superintendent of the county board of mental retardation and development disabilities;
6. The county's juvenile court judge senior in service;
7. 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;
8. 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;
9. A representative of the largest city in the county;
10. The chair of the board of county commissioners, or an individual designated by the board;
11. A representative of the regional office of the department of youth services;
12. A representative of the county's head start agencies, as defined in section 3301.11 of the Ohio Revised Code;
13. 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";
14. 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.

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI 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 June 19, 1995.

Steering Committee

The initial Steering Committee members serve for three years. Six members were elected from the statutory members of the Council and two members were elected from the core membership who are made up of the following:

- a) Rehabilitation Services Commission;
- b) Child Care Choices;
- c) Community Action Council;
- d) Family Information Network;
- e) Miami County Mental Health Center;
- f) Ohio State University Extension;
- g) CASA of Miami County;
- h) Miami County Interagency Transition Team;
- i) Other representation from delivery systems with statutory status.

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

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. 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.

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:

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 Funds:

The Council maintains a separate special revenue fund for each program which is awarded to the Council that is either entirely or partially funded from federal sources. During 2000 and 1999, the following grants were awarded to the Council: Ohio Wellness Block Grant (Indicator I and II), Family Stability Incentive Grant, Welcome Home Grant, and the Intersystems Collaborative Grant.

D. Fiscal Agent

The Miami County Commissioners served as fiscal agent for the Council during the audit period.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

2. EQUITY IN POOLED CASH

The Miami County Commissioners maintain a cash pool used by all of the Center's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Miami County Commissioners at December 31, 2000 and 1999 was \$89,959 and \$15,320, respectively. The Miami County Commissioners, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

3. PRIOR PERIOD ADJUSTMENTS

There were two prior period adjustments that were made to the financial statements. An Early Start Program grant for \$35,000 was included in the December 31, 1998 fund cash balance. This grant is funded with TANF monies. It was determined that this money should not be reported on the Family and Children First Council's financial statements, instead it will be reported at the state level. Also, the fund cash balance at December 31, 1998 included \$9,545 that had already been passed through to a provider.

	<u>General</u>	<u>Special Revenue</u>	<u>Total (Memorandum Only)</u>
Fund Cash Balance at December 31, 1998	\$30,657	\$35,000	\$65,657
Early Start Grant		(35,000)	(35,000)
Passed through to Provider	<u>(9,545)</u>	<u>0</u>	<u>(9,545)</u>
Restated Fund Cash Balance at December 31, 1998	\$21,112	0	\$21,112



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

Family & Children First Council
Miami County
201 W. Main Street
Troy, Ohio 45373

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Miami County, (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 10, 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.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying schedule of findings as items 2000-60355-001 and 2000-60355-002.

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, of the reportable conditions described above, we consider item 2000-60355-001 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 May 10, 2001.

Family & Children First Council
Miami 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 the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 10, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY**

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

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

FINDING NUMBER 2000-60355-001

The Family and Children First Council is responsible for monitoring the expenditures of its grants, however the Miami County Mental Health Center opened a checking account for the Family Stability Incentive Grant and information is not being provided to the council regarding expenditures from this account. The lack of monitoring could result in illegal or unallowable expenditures being made, and not detected on a timely basis. Documentation including a detailed description of each expenditure should be provided for review and approval to the Council on a monthly basis.

FINDING NUMBER 2000-60355-002

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

- During a period of nine months, an administrative fee was invoiced to the provider, however the fee was never collected. The failure to follow up on uncollected charges could cause cash flow problems for the programs. The Council should actively pursue payments for administrative fees from the providers.
- The fee assessment records maintained by the Family & Children First Council do not agree to the revenue recorded by the fiscal agent. The lack of reconciliations could result in errors going undetected. The Council Coordinator should reconcile the fee assessment sheets to the county's detailed revenue reports each month.
- The administrative fees invoiced to the provider did not agree to the percentage approved by the grantor. The Council is not recovering all possible administrative fees as a result of these miscalculations. The administrative fees charged to the provider should equal the percentage of the grant allocated as administrative fees in the budget.

**FAMILY AND CHILDREN FIRST COUNCIL
MIAMI COUNTY
DECEMBER 31, 2000 AND 1999**

CORRECTIVE ACTION PLAN

Finding Number	Planned Corrective Action	Anticipated Completion Date
2000-60355-001	<p>Re: Family Stability Checking Account</p> <p>Effective with the June 2001 meeting of the FCFC, a monthly expense report of all checks written from the Family Stability Checking Account will be reviewed and approved by Council. Information will include:</p> <ol style="list-style-type: none"> 1. Amount of Check 2. Description/justification/copy of invoice <p>Note: Above information will be available for review for audit purposes.</p> <p>In addition, a summary detail report for years 1999 and 2000 will be prepared by the Council Coordinator for review and approval by the FCFC.</p> <p>The Miami County Mental Health Center will be responsible to assure that the monthly expense report submitted to the FCFC does reflect the actual transactions of the Family Stability Checking Account.</p>	6/15/01
2000-60355-002	<p>Re: Outstanding Administrative Fee</p> <p>The Council Coordinator and County Commissioner's Office shall reconcile monthly revenue reports from the County Auditor to FCFC assessment fee records.</p> <p>The Council Coordinator shall inform the Miami County Commissioner's Office of any outstanding fees owed the Council in which the invoice is 90 days outstanding or in which there has been no response. The Miami County Commissioner's Office will assist the Council in collecting said fee.</p> <p>The Council Coordinator shall report to the FCFC of revenues collected and outstanding with the monthly financial statement submitted to the FCFC.</p> <p>Re: Calculation of Administrative Fee</p> <p>It will be the responsibility of the Council Coordinator to determine the allowable administration fee to be invoiced and prepare the information (with proper grant documentation) in the form of a motion for approval by the FCFC prior to invoices being prepared. Once approved, same information will be provided to grantee when invoiced for administration fee. Grantee should verify accuracy of invoice before submitting to County Auditor for payment. County Auditor will review information submitted. Future grants will clearly state administrative fee amount and/or percentage.</p>	<p>6/15/01</p> <p>7/1/01</p>



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MIAMI COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MIAMI 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
JULY 3, 2001**