



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY**

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Children and Families First Council
Licking County
119 Union Street
Newark, Ohio 43055

We have audited the accompanying financial statements of the Children and Families First Council, Licking County, Ohio (the Council) as of and for the years ended June 30, 2002 and June 30, 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 described 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 cash balance of the Children and Families First Council, Licking County, as of June 30, 2002 and June 30, 2001, 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 November 21, 2002 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.

Our audit was performed for the purpose of forming an opinion on the June 30, 2002 financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the June 30, 2002 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Members of Council
Children and Families First Council
Licking County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

November 21, 2002

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$876,977	\$712,926
Interest	177	2,243
Miscellaneous	13,213	13,042
Total Cash Receipts	890,367	728,211
Cash Disbursements:		
Salaries and Benefits	44,183	70,232
Contractual Services	625,875	651,618
Supplies and Materials	726	1,967
Miscellaneous	9,726	8,999
Total Cash Disbursements	680,510	732,816
Total Receipts Over / (Under) Disbursements	209,857	(4,605)
Cash Balance, July 1	73,856	78,461
Cash Balance, June 30	\$283,713	\$73,856

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

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**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Ohio 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 member representing families shall be equal to twenty per cent of the council's remaining membership.

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (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 services 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.

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.

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Administrative/ Fiscal Agent

During Fiscal Year 2001, the following entities served as the Council's Administrative and Fiscal Agents:

Administrative Agent

Community Mental Health and Recovery Services Board.

Fiscal Agents

Moundbuilders Guidance Center to account for all grant and miscellaneous funds, and Licking County Department of Jobs and Family Services (Licking County Auditor) to account for the Council's pooled funds.

During Fiscal Year 2002, the following entities served as the Council's Administrative and Fiscal Agents:

Administrative Agent

Licking County Department of Mental Retardation and Developmental Disabilities Board.

Fiscal Agents

Licking County Auditor to account for all grant and miscellaneous funds, and Licking County Department of Jobs and Family Services (Licking County Auditor) to account for the Council's pooled funds.

D. 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. EQUITY IN POOLED CASH

For the years ended June 30, 2002 and June 30, 2001, the Moundbuilders Guidance Center and the Licking County Auditor maintained the following cash balances for the Council.

The carrying amount of cash at June 30 was as follows:

	<u>2002</u>	<u>2001</u>
Moundbuilders Guidance Center	\$0	\$27,601
Licking County Auditor	<u>283,713</u>	<u>46,255</u>
Total deposits	<u>\$283,713</u>	<u>\$73,856</u>

Deposits: As required by Ohio Revised Code, the County Treasurer is custodian for the Council's cash. The Council's assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Cash balances are collateralized as a part of the County's cash management process.

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND JUNE 30, 2001
(Continued)**

3. BUDGETARY ACTIVITY

The Council is required by Ohio law to file an annual budget with the administrative agent. Budgetary activity for the year ended June 30, 2002 and 2001 was as follows:

2002 Budgeted VS. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$1,001,912</u>	<u>\$890,367</u>	<u>(\$111,545)</u>

2002 Budgeted VS. Actual Expenditures

<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<u>\$1,006,810</u>	<u>\$680,510</u>	<u>\$326,300</u>

2001 Budgeted VS. Actual Receipts

<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$686,868</u>	<u>\$728,211</u>	<u>\$41,343</u>

2001 Budgeted VS. Actual Expenditures

<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<u>\$705,308</u>	<u>\$732,816</u>	<u>(\$27,508)</u>

4. DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

The Children and Families First Council employees belong to the Public Employees Retirement System (PERS) of Ohio. The 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. The Council's PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through June 30, 2002.

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND JUNE 30, 2001
(Continued)**

5. 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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**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Health:</i>			
Help Me Grow	45-1-003-1-EG-02	84.181	<u>\$42,083</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
<i>Passed Through Licking County Jobs and Family Services:</i>			
Temporary Assistance for Needy Families	-	93.558	<u>446,424</u>
Total			<u><u>\$488,507</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

NOTE A. SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Council's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B. SUBRECIPIENTS

The Council passes-through certain Federal assistance received from the Licking County Department of Jobs and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, the Council records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Council is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.



**STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED
BY GOVERNMENT AUDITING STANDARDS**

Children and Families First Council
Licking County
119 Union Street
Newark, Ohio 43055

We have audited the financial statements of the Children and Families First Council, Licking County, Ohio (the Council) as of and for the years ended June 30, 2002 and June 30, 2001, and have issued our report thereon dated November 21, 2002. 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*.

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 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 November 21, 2002.

Children and Families First Council
Licking County
Report on Compliance and on Internal Control Required
By *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

JIM PETRO
Auditor of State

November 21, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Children and Families First Council
Licking County
119 Union Street
Newark, Ohio 43055

Compliance

We have audited the compliance of the Children and Families First Council, Licking County, Ohio (the Council) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Children and Families First Council
Licking County
Report on Compliance with Requirements Applicable to Each Major
Federal Program and Internal Control over Compliance in
Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses. However we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the Council in a separate letter dated November 21, 2002.

This report is intended for the information and use of management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

November 21, 2002

**CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2001 AND JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Temporary Assistance for Needy Families - # 93.558
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

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CHILDREN AND FAMILIES FIRST COUNCIL

LICKING 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
JANUARY 2, 2003**