



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Defiance County
644 Clinton Street
Defiance, Ohio 43512-2637

To Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Defiance County, (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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 2, 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 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 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 audits.

This report is intended solely for the information and use of 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 27, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$50,312	\$280,934	\$331,246
Other Revenue	47,696	6,533	54,229
Total Cash Receipts	98,008	287,467	385,475
Cash Disbursements:			
Current:			
Salaries	36,224	49,958	86,182
Insurance	5,778	18,432	24,210
OPERS/Workers' Compensation	4,904	6,841	11,745
Summer Program		5,080	5,080
Contract Services		37,596	37,596
Administration		94,227	94,227
Special Events	549	5,037	5,586
Character Project		18,771	18,771
Rent		4,920	4,920
Youth Outreach Worker		12,696	12,696
Ohio Children's Trust	9,500		9,500
It Takes Two		18,694	18,694
Utilities	7,574		7,574
Supplies	2,184	8,000	10,184
Training - Grant, Conferences, and Travel	639	5,036	5,675
Miscellaneous	6,103	2,181	8,284
Total Cash Disbursements	73,455	287,469	360,924
Total Cash Receipts Over/(Under) Cash Disbursements	24,553	(2)	24,551
Other Financing Receipts and (Disbursements):			
Advances-In		13,000	13,000
Advances-Out	(13,000)		(13,000)
Total Other Financing Receipts/(Disbursements)	(13,000)	13,000	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	11,553	12,998	24,551
Fund Cash Balances, January 1	41,910	35,582	77,492
Fund Cash Balances, December 31	\$53,463	\$48,580	\$102,043

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

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$43,020	\$171,455	\$214,475
Other Revenue	51,237	6,943	58,180
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	94,257	178,398	272,655
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries	37,435	32,531	69,966
Insurance	3,303	11,900	15,203
OPERS/Workers' Compensation	5,017	3,208	8,225
Summer Program		6,908	6,908
Contract Services		38,335	38,335
Administration		23,025	23,025
Special Events		544	544
Character Project		20,637	20,637
Rent		1,230	1,230
Youth Outreach Worker		17,418	17,418
Placement	11,749		11,749
It Takes Two		9,347	9,347
Utilities	6,867		6,867
Supplies	2,903	11,967	14,870
Training - Grant, Conferences, and Travel	311	3,609	3,920
Miscellaneous	27,841	87	27,928
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	95,426	180,746	276,172
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Total Cash Disbursements Over Cash Receipts	(1,169)	(2,348)	(3,517)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	43,079	37,930	81,009
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$41,910</u>	<u>\$35,582</u>	<u>\$77,492</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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

1. DESCRIPTION OF THE ENTITY

Ohio Revised Code § 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 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 job and family 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 20 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
DEFIANCE COUNTY**

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

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

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. It is used to account for all financial resources except those required by law or contract to be restricted. The primary source of revenue for Council operations consists of state grants. The amount provided is based on the Council's annual budget and the amount needed to fulfill Council obligations.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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

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 Board had the following significant Special Revenue Funds:

Ohio Wellness Block Grant – Federal Grant to be used for programs aimed at reducing Teen Pregnancy, Child Abuse, and Neglect.

Early Start/Help Me Grow – Federal and State grant to be used for supporting and assisting low income families with children.

C. Fiscal Agent

The Defiance County Commissioners served as fiscal agent for the Council. Council funds are maintained in separate agency funds by the Defiance County Auditor.

D. Budgetary Process

The Council prepares an annual budget including estimated receipts and disbursements and files it with its administrative agent. Unencumbered appropriations lapse at year end.

A summary of 2002 and 2001 budgetary activity appears in Note 4.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under Board's basis of accounting.

3. EQUITY IN POOLED CASH

The Defiance County Treasurer maintains a cash pool used by all the County'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 County at December 31, 2002 was \$102,043 and at December 31, 2001 was \$71,043. The County as fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the agent's pooled and deposit accounts, except for the summer program in 2001.

Deposits of \$6,449 at December 31, 2001, were insured by the Federal Depository Insurance Corporation. There were no deposits in financial institutions at December 31, 2002

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,425	\$98,008	\$21,583
Special Revenue	284,793	287,467	2,674
Total	\$361,218	\$385,475	\$24,257

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,335	\$73,455	\$44,880
Special Revenue	320,375	287,469	32,906
Total	\$438,710	\$360,924	\$77,786

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,494	\$94,257	\$2,763
Special Revenue	166,363	178,398	12,035
Total	\$257,857	\$272,655	\$14,798

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$134,572	\$95,426	\$39,146
Special Revenue	199,837	180,746	19,091
Total	\$334,409	\$276,172	\$58,237

5. RETIREMENT SYSTEMS

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, 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 2002 and 2001, OPERS members contributed 8.5 percent of their gross salaries. The Board contributed an amount equal to 13.55 percent of participants' gross salaries. The Board has paid all contributions required through December 31, 2002.

**FAMILY AND CHILDREN FIRST COUNCIL
DEFIANCE COUNTY**

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

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the Defiance County Commissioners.

6. 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

7. RESTATEMENT OF FUND BALANCES

Prior to 2001, the Council did not include a bank account for the summer program on its financial statements. Consequently, the Special Revenue fund balances at January 1, 2001 and Total Cash Receipts Over/(Under) Cash Disbursements in the Special Revenue Funds for 2000 have been restated, as follows:

Fund Balances originally stated, December 31, 2000	\$31,474
Prior period adjustment	<u>6,456</u>
Restated Fund Balances, January 1, 2001	<u><u>\$37,930</u></u>
Total Cash Receipts under Cash Disbursements, as originally stated for the year ended December 31, 2000	(\$1,893)
Prior period adjustment	<u>2,167</u>
Restated Total Cash Receipts over Cash Disbursements for the year ended December 31, 2000	<u><u>\$274</u></u>

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**Auditor of State
Betty Montgomery**

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

Family and Children First Council
Defiance County
644 Clinton Street
Defiance, Ohio 43512-2637

To Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Defiance County, (the Council) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 27, 2003. We conducted our audits in accordance with auditing standards generally accepted by 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 audits 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 audits, 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 May 27, 2003.

Family and Children First Council
Defiance 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 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

May 27, 2003



**Auditor of State
Betty Montgomery**

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FAMILY AND CHILDREN FIRST COUNCIL

DEFIANCE 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 24, 2003**