



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Status of Prior Audit Findings.....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Paulding County  
303 W. Harrison Street  
Paulding, Ohio 45879-1468

To the members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Paulding 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 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 of the Council as of December 31, 2002 and 2001, and its combined fund cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 6, during 2001 the Council determined the Early Start Fund was part of the Paulding County Jobs and Family Services Department, and should not be included as part of the financial presentation of the Family and Children First Council.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 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

Family and Children First Council  
Paulding County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of management, Board of Trustees, 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

September 4, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING 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>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 20,000	\$ 265,682	\$ 285,682
Miscellaneous	108		108
	<u>20,108</u>	<u>265,682</u>	<u>285,790</u>
Total Cash Receipts			
	<u>20,108</u>	<u>265,682</u>	<u>285,790</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	500	878	1,378
Supplies	505		505
Program Expenditures		238,569	238,569
Workers' Compensation	974		974
	<u>1,979</u>	<u>239,447</u>	<u>241,426</u>
Total Cash Disbursements			
	<u>1,979</u>	<u>239,447</u>	<u>241,426</u>
Total Cash Receipts Over Cash Disbursements	18,129	26,235	44,364
Fund Cash Balances, January 1	<u>11,577</u>	<u>50,227</u>	<u>61,804</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 29,706</u></b>	<b><u>\$ 76,462</u></b>	<b><u>\$ 106,168</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING 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>	
<b>Cash Receipts:</b>			
Intergovernmental	\$ 39,110	\$ 156,840	\$ 195,950
Miscellaneous	3,630		3,630
<b>Total Cash Receipts</b>	<u>42,740</u>	<u>156,840</u>	<u>199,580</u>
<b>Cash Disbursements:</b>			
Current:			
Salaries	38,018	56,182	94,200
Supplies	1,240		1,240
Travel/Lectures	1,272	2,671	3,943
Program Expenditures		111,763	111,763
Contracts - Services	5,700	1,888	7,588
Workers' Compensation	350	648	998
<b>Total Cash Disbursements</b>	<u>46,580</u>	<u>173,152</u>	<u>219,732</u>
Total Cash Disbursements Over Cash Receipts	<u>(3,840)</u>	<u>(16,312)</u>	<u>(20,152)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		10,000	10,000
Transfers-Out	(10,000)		(10,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,000)</u>	<u>10,000</u>	
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(13,840)	(6,312)	(20,152)
Fund Cash Balances, January 1	<u>25,417</u>	<u>56,539</u>	<u>81,956</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 11,577</b></u>	<u><b>\$ 50,227</b></u>	<u><b>\$ 61,804</b></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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 Start collaborative established pursuant to the federal early Start 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

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

**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. Fiscal Agent**

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

**D. 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:

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

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

**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:

*Help Me Grow Fund* – Federal grant to be used for programs at the early development of children.

*Family Stability Fund* - Federal grant to be used for programs to stabilize the family environment and development of children.

**E. Budgetary Process**

The Ohio Revised Code and Auditor of State Bulletin 98-007 require that each fund be budgeted annually.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**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 the Council's basis of accounting.

**2. EQUITY IN CASH**

The Paulding County Treasurer maintains a cash pool used by all of 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 \$106,168 and at December 31, 2001 was \$61,804. The Paulding County Treasurer, as fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the Paulding County pooled and deposit accounts.

**3. BUDGETARY ACTIVITY**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

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

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,435	\$ 20,108	\$ (33,327)
Special Revenue	309,326	265,682	(43,644)
Total	<u>\$ 362,761</u>	<u>\$ 285,790</u>	<u>\$ (76,971)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,216	\$ 1,979	\$ 41,237
Special Revenue	388,752	239,447	149,305
Total	<u>\$ 431,968</u>	<u>\$ 241,426</u>	<u>\$ 190,542</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 53,435	\$ 42,740	\$ (10,695)
Special Revenue	164,156	166,840	2,684
Total	<u>\$ 217,591</u>	<u>\$ 209,580</u>	<u>\$ (8,011)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,541	\$ 56,580	\$ (13,039)
Special Revenue	216,584	173,152	43,432
Total	<u>\$ 260,125</u>	<u>\$ 229,732</u>	<u>\$ 30,393</u>

**4. RETIREMENT SYSTEM**

The Family and Children First Council full-time 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 2001, OPERS employee members contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 13.55 percent of participants' gross salaries for 2001. The Family and Children First Council has paid all contributions required through December 31, 2001.

**5. RISK MANAGEMENT**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

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

**6. PRIOR PERIOD ADJUSTMENT**

The Early Start Grant fund balance of \$26,524 was included as part of the Special Revenue Fund Balance at December 31, 2000. It was determined this Early Start Fund was part of the Paulding County Jobs and Family Services Department, and should not be included in the financial presentation of the Family and Children First Council. This resulted in a restatement of Beginning Fund Balances and excess of the receipts over disbursements at December 31, 2000.

Cash Fund Balance As Originally Presented at 12/31/2000	Change in Fund Balance	Restated Cash Fund Balance at 1/1/2001
<u>\$ 83,063</u>	<u>\$ (26,524)</u>	<u>\$ 56,539</u>

Excess of Receipts over Disbursements As Originally Presented at 12/31/2000	Change in Excess of Receipts over Disbursements	Restated Excess of Receipts over Disbursements at 1/1/2001
<u>\$ 47,858</u>	<u>\$ (25,500)</u>	<u>\$ 22,358</u>

**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.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Family and Children First Council  
Paulding County  
303 W. Harrison Street  
Paulding, Ohio 45879-1468

To the members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Paulding County, (the Council) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 4, 2003. 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.

**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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated September 4, 2003.

**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 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 September 4, 2003.

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

September 4, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-60263-001	Material Weakness – Establish procedures to monitor the use of the Council credit card.	Yes.	





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**PAULDING 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  
OCTOBER 9, 2003**