



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Hardin County
775 East Eliza Street
Kenton, Ohio 43326

To the Members of Council:

We have audited the accompanying financial statements of the Family and Children First Council, Hardin 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 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 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 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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 audit.

This report is intended solely for the information and use of the audit committee, management, Members of 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

September 19, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN 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	\$21,528	\$402,012	\$423,540
Cash Disbursements:			
Current:			
Salaries	14,239	166,301	180,540
Supplies and Operations	291	10,541	10,832
Equipment		1,603	1,603
Facilities	5,255	23,105	28,360
Travel	296	6,249	6,545
Retirement Systems	1,929	22,029	23,958
Worker's Compensation	107	1,009	1,116
Unemployment		3,674	3,674
Purchased Services	3,122	78,753	81,875
Insurance	2,296	35,452	37,748
Medicare	206	2,412	2,618
Total Disbursements	27,741	351,128	378,869
Total Receipts Over/(Under) Disbursements	(6,213)	50,884	44,671
Other Financing Receipts/(Disbursements):			
Advances-In	45,804	101,620	147,424
Advances-Out	(10,000)	(137,424)	(147,424)
Total Other Financing Receipts/(Disbursements)	35,804	(35,804)	-
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	29,591	15,080	44,671
Fund Cash Balances, January 1	27,309	98,572	125,881
Fund Cash Balances, December 31	\$56,900	\$113,652	\$170,552

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

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN 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	\$20,600	\$551,077	\$571,677
Cash Disbursements:			
Current:			
Salaries	13,980	189,348	203,328
Supplies and Operations	795	10,275	11,070
Equipment		3,134	3,134
Facilities		29,801	29,801
Travel	370	12,014	12,384
Retirement Systems	1,840	25,374	27,214
Worker's Compensation	108	1,462	1,570
Purchased Services	9,797	224,733	234,530
Insurance	4,560	28,834	33,394
Medicare	202	2,692	2,894
Total Disbursements	31,652	527,667	559,319
Total Receipts Over/(Under) Disbursements	(11,052)	23,410	12,358
Other Financing Receipts/(Disbursements):			
Advances-In	20,261	40,700	60,961
Advances-Out	(12,700)	(48,261)	(60,961)
Total Other Financing Receipts/(Disbursements)	7,561	(7,561)	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,491)	15,849	12,358
Fund Cash Balances, January 1	30,800	82,723	113,523
Fund Cash Balances, December 31	<u>\$27,309</u>	<u>\$98,572</u>	<u>\$125,881</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, created the Ohio Family and Children First Cabinet Council (the "Council") and permitted counties to establish county family and children first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership.
- b. 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations.
- d. The director of the county department of job and family services;
- e. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- f. The superintendent of the county board of mental retardation and developmental disabilities;
- g. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- h. 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 board of county commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the county;
- k. The president of the board of county commissioners, or an individual designated by the board;
- l. A representative of the regional office of the department of youth services;

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- m. A representative of the county's head start agencies, as defined in Section 3101.31 of the Revised Code;
- n. 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";
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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. 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;
- c. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, 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";
- d. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- e. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The following committees have been established to meet Council's statutory requirements:

Finance Committee: The committee reviews periodic financial reports submitted by the Council coordinator and Council fiscal agent. The committee also performs an annual internal audit of all funds under control of council.

Membership Committee: Established to recruit and facilitate participation of families, churches, businesses, and community agencies to promote community membership in Council activities. Responsibilities include recruiting new members, developing an orientation process for new members and increasing membership.

Wellness Block Grant: Teen Pregnancy Prevention Committee: Established to select, implement, monitor, and evaluate appropriate programs for the Wellness Block Grant funds focusing on teen pregnancy prevention; to serve the primary state focus of the grant, while supporting the community's wellness through the use of a variety of prevention and intervention programs, to recommend future programming based on the results of the evaluation.

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Executive Committee: Established to meet in the event Council decisions need to be acted upon prior to the next scheduled Council meeting. The Executive Committee's membership consists of the Council's Chairperson, the Council Coordinator, and the Chairperson's of the Council Standing Committees as outlined above. According to the duties of council described in the administrative/fiscal agent agreement, the Executive Committee is also required to act as the audit committee.

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. Cash and Investments

The Hardin County Auditor acts as fiscal agent for the Council and the County Treasurer maintains a cash and investment pool used by all Council 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.

E. 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:

Help Me Grow - The Council was awarded this funding to provide direct services to children ages birth to three who are at significant developmental risk, and their families.

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Family Stability Incentive - The Family Stability program is funded through a grant from the Ohio Department of Mental Health that aims to decrease the out-of-home placements rate of youths in Hardin County.

F. Budgetary Process

ORC Section 121.37 states that the Council should file an annual budget with their administrative agent.

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

G. Fiscal/Administrative Agent

The Hardin County Auditor has been designated by the Council to serve as the fiscal agent and the Hardin County Commissioners have been designated by the Council to serve as the administrative agent. Council funds are maintained in separate agency funds in the County.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments.

The Hardin County Auditor acts as fiscal agent and maintains a cash and investment pool used by all County funds. The carrying amount for the Council's portion of cash and investments on the records of the County Auditor as of December 31, 2002 and 2001 was as follows:

	2002	2001
Demand deposits	\$170,552	\$125,881

Deposits:

Deposits held by the Hardin County Treasurer are either (1) insured by the Federal Depository Insurance Corporation or, (2) collateralized by securities specifically pledged by the financial institution to the County.

3. 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	\$20,000	\$67,332	\$47,332
Special Revenue	408,330	503,632	95,302
Total	\$428,330	\$570,964	\$142,634

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$43,147	\$37,741	\$5,406
Special Revenue	523,288	488,552	34,736
Total	<u>\$566,435</u>	<u>\$526,293</u>	<u>\$40,142</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,700	\$40,861	\$9,161
Special Revenue	552,539	591,777	39,238
Total	<u>\$584,239</u>	<u>\$632,638</u>	<u>\$48,399</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,700	\$44,352	\$12,348
Special Revenue	635,517	575,928	59,589
Total	<u>\$692,217</u>	<u>\$620,280</u>	<u>\$71,937</u>

4. RETIREMENT SYSTEMS

The Council's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer pension plan. This plan provides retirement benefits, including post-retirement 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. PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries during the period from January 1, 2001 through December 31, 2002. The Council has paid all contributions required through December 31, 2002.

5. CONTINGENT LIABILITIES

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council December 31, 2002 and 2001.

**FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

6. RISK MANAGEMENT

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

7. SUBSEQUENT EVENT

During 2003, the Council received notification that they would no longer be receiving funds from the Wellness Block Grant or the Family Stability Incentive Fund. These grants provided \$100,350 and \$91,178, respectively, to the Council during 2002. As a result of this loss of revenue, the Council had to decrease its staff by one employee.



**Auditor of State
Betty Montgomery**

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

Family and Children First Council
Hardin County
775 East Eliza Street
Kenton, Ohio 43326

To the Members of Council:

We have audited the financial statements of the Family and Children First Council, Hardin County, (the "Council"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 19, 2003. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001.

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 September 19, 2003.

This report is intended solely for the information and use of the audit committee, management, and Members of 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 19, 2003

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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

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

FINDING NUMBER 2002-001

Noncompliance

Ohio Rev. Code Section 117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Also, the entity must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer. The Council did not prepare annual financial statements for 2002 and 2001.

The Council should implement controls to help assure that the annual financial report is prepared and filed with the Auditor of State within 60 days of each fiscal year end and that notice is published in a local newspaper stating the financial report is available for public inspection.



**Auditor of State
Betty Montgomery**

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HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HARDIN 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**