

WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY

FINANCIAL STATEMENTS
AUDITED

DECEMBER 31, 2003



**Auditor of State
Betty Montgomery**

Council Members
Wayne County Family and Children First Council
215 South Walnut Street
Wooster, Ohio 44691

We have reviewed the Independent Auditor's Report of the Wayne County Family and Children First Council, Wayne County, prepared by Linc, Malachin, & Dennis Inc., CPA, for the audit period January 1, 2003 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wayne County Family and Children First Council is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 20, 2004

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**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Wayne County Family and Children First Council
Wayne County
215 South Walnut Street
Wooster, Ohio 44691

To the Members of Council:

We have audited the accompanying statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances of the Wayne County Family and Children First Council, Wayne County, Ohio, (the Council) as of and for the year ended December 31, 2003. 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 misstatements. 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 provided 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 fund cash balances of the Council as of December 31, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 12, 2004 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 basic financial statements of the Council taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," 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 financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

Linc, Malachin & Dennis, Inc.
Akron, Ohio

June 12, 2004

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Individual Case Plan Revenue	\$ 796,520	\$ -	\$ 796,520
Special Projects Revenue	1,085,715	-	1,085,715
Children's Trust Fund Revenue	-	22,455	22,455
21st Century Grant Revenue	<u>444,454</u>	<u> </u>	<u>444,454</u>
 Total Cash Receipts	 <u>\$ 2,326,689</u>	 <u>\$ 22,455</u>	 <u>\$ 2,349,144</u>
Cash Disbursements:			
Current:			
Family Council Shared Funding Contracts	\$ 709,489	\$ -	\$ 709,489
Special Projects Contracts	976,814	-	976,814
Children's Trust Fund Projects	-	11,522	11,522
21st Century Grant Projects	<u>431,901</u>	<u> </u>	<u>431,901</u>
 Total Cash Disbursements	 <u>2,118,204</u>	 <u>11,522</u>	 <u>2,129,726</u>
 Total Cash Receipts Over / (Under) Cash Disbursements	 208,485	 10,933	 219,418
 Fund Cash Balances, January 1	 <u>505,892</u>	 <u>26,296</u>	 <u>532,188</u>
 Fund Cash Balances, December 31	 <u>\$ 714,377</u>	 <u>\$ 37,229</u>	 <u>\$ 751,606</u>

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

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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 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 members representing families shall be equal to twenty percent of the council's remaining membership; and

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- o. A representative of the regional office of the department of youth services;

In addition, 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, 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";
- 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 were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made 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. Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The Council classifies its funds into the following fund type:

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue - Children's Trust Fund

During 2003 \$22,455 was received from the Ohio Children's Trust Fund. Section 3109.18, Revised Code, requires a fund known as the Children's Trust Fund to be established in the County Treasury. The Council has been designated the advisory board for this fund and deposits all money received into the Trust Fund. The county auditor acting as the fiscal agent, will distribute money from the fund at the request of the Council. As of December 31, 2003 the balance in this fund was \$37,229.

D. Administrative / Fiscal Agent

Section 121.37 (B)(4), Revised Code, requires each county council to designate an administrative agent for the council. The Mental Health & Recovery Board of Wayne and Holmes Counties serves as the Wayne County Family and Children First Council's administrative and fiscal agent. The Wayne County Auditor, in turn, is the designated fiscal agent for the Mental Health & Recovery Board of Wayne and Holmes Counties.

The administrative agent agrees to:

- a. Serve as the Council's appointing authority;
- b. Exercise spending authority within the limits of the annual budget developed and approved by the council:
- c. Perform the following on behalf of Council, but only upon the expressed approval of and direction by Council:
 - Enter into written agreements or administer contracts with public or private entities to fulfill specific Council business.
 - Provide financial stipends, reimbursements, or both, to family representatives for expenses related to purposes for which the Council is established.
 - Receive by gift, grant, devise, or bequest any moneys, land, or other property for the purposes for which the Council is established.

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.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Contracted Services

The Contract Service Council Coordinator is a paid employee of the Mental Health and Recovery Board of Wayne and Holmes Counties. The funds used to pay the salary of the Grant Coordinator are derived from a state administrative grant and local contributors.

G. Related Party Transactions

As of December 31, 2003, the Council owes a total of \$446,000 to the Mental Health and Recovery Board of Wayne and Holmes Counties (the Board) for operating cash advances. Terms specify that repayment is to be made within 45 days of notice to the First council by the Board.

2. EQUITY IN POOLED CASH

The Wayne County Auditor maintains a cash pool used for the County's funds and for the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the Wayne County Auditor at December 31, 2003 was \$ 751,606. The Wayne County Auditor, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM

Wayne County contributes to the Public Employees' Retirement System of Ohio (PERS), a cost sharing multiple employer pension plan, for the Grant Coordinator. The Grant Coordinator also contributes to PERS, which provides basic retirement, disability, survivor and health care benefits on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS.

For 2003, members of PERS contributed an amount equal to 8.5% of their gross salaries and the employer contributed an amount equal to 13.95% of participants' gross salaries. The County has paid all contributions required through December 31, 2003.

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
(Passed Through the Ohio Department of Education)				
Twenty First Century Community Learning Centers Grant	84.287	NONE	\$ 444,454	\$ 431,901
(Passed Through the Ohio Department of Health)				
Special Education Grants for Infants and Families with Disabilities	84.181	NONE	\$ 120,373	\$ 120,373

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the Board'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 United States Department of Health and Human Services to other governments or not-for-profit agencies (subrecipients). 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.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Wayne County Family and Children First Council
Wayne County
215 South Walnut Street
Wooster, Ohio 44691

To the Members of Council:

We have audited the accompanying financial statements of the Wayne County Family and Children First Council, Wayne County, Ohio, (the Council) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 12, 2004. 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 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 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.

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

Linc, Malachin & Dennis, Inc.
Akron, OH
June 12, 2004

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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**

Wayne County Family and Children First Council
Mental Health and Recovery Board of Wayne and Holmes Counties
Wayne County
215 South Walnut Street
Wooster, Ohio 44691

To Members of the Board:

Compliance

We have audited the compliance of the Wayne County Family and Children First Council, Wayne 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 each of its major federal programs for the year ended December 31, 2003. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 each of its major federal programs for the year ended December 31, 2003.

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.

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.

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

Linc, Malachin & Dennis, Inc.
Akron, Ohio

June 12, 2004

**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WAYNE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2003**

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 noncompliance 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):	Twenty First Century Community Learning Grant #93.959
(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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

WAYNE 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
AUGUST 5, 2004**