



**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council
Darke County
P.O. Box 869
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Greenville, Ohio 45331

We have audited the accompanying financial statements of the Family and Children First Council, Darke County, (the Council) as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards 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 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 Family and Children First Council, Darke County, as of December 31, 2000 and December 31, 1999, 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 April 17, 2001, 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, Council Members, 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.

Jim Petro
Auditor of State

April 17, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$20,100	\$275,700	\$295,800
Local Agency Contributions	12,900		12,900
Other Receipts	667	12,716	13,383
Total Cash Receipts	<u>33,667</u>	<u>288,416</u>	<u>322,083</u>
Cash Disbursements:			
Salaries and Benefits	47,753		47,753
Contract Services		206,490	206,490
Travel and Expenses	1,267		1,267
Supplies and Materials	673	185	858
Advertising and Printing		1,001	1,001
Other Expenses	181		181
Total Cash Disbursements	<u>49,874</u>	<u>207,676</u>	<u>257,550</u>
Total Receipts Over/(Under) Disbursements	(16,207)	80,740	64,533
Other Financing Receipts/(Disbursements):			
Transfers In	15,712		15,712
Transfers Out		(15,712)	(15,712)
Total Other Financing Receipts/(Disbursements)	<u>15,712</u>	<u>(15,712)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(495)	65,028	64,533
Fund Cash Balances, January 1, 2000	<u>22,502</u>	<u>47,129</u>	<u>69,631</u>
Fund Cash Balances, December 31, 2000	<u>\$22,007</u>	<u>\$112,157</u>	<u>\$134,164</u>

The Notes to the Financial Statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Type:		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Intergovernmental	\$20,350	\$185,445	\$205,795
Local Agency Contributions	14,696		14,696
Other Receipts	559		559
Total Cash Receipts	35,605	185,445	221,050
Cash Disbursements:			
Salaries and Benefits	46,637		46,637
Contract Services	1,879	234,059	235,938
Travel and Expenses	776	2,073	2,849
Supplies and Materials	1,096		1,096
Other Expenses	600		600
Total Cash Disbursements	50,988	236,132	287,120
Total Receipts Over/(Under) Disbursements	(15,383)	(50,687)	(66,070)
Other Financing Receipts/(Disbursements):			
Refund of Prior Year Expenditures	2,095		2,095
Transfers In	13,485	10,286	23,771
Transfers Out		(23,771)	(23,771)
Total Other Financing Receipts/(Disbursements)	15,580	(13,485)	2,095
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	197	(64,172)	(63,975)
Fund Cash Balances, January 1, 1999	<u>22,305</u>	<u>111,301</u>	<u>133,606</u>
Fund Cash Balances, December 31, 1999	<u>\$22,502</u>	<u>\$47,129</u>	<u>\$69,631</u>

The Notes to the Financial Statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Rev. Code Section 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:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of human services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
5. The superintendent of the county board of mental retardation and developmental disabilities;
6. The county's juvenile court judge senior in service;
7. 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;
8. 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;
9. A representative of the largest city in the county;
10. The chair of the board of county commissioners, or an individual designated by the board;
11. A representative of the regional office of the department of youth services;
12. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
13. 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";
14. 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.

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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:

1. Refer to the cabinet council those children for whom the council cannot provide adequate services;
2. 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;
3. 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;
4. Participate in the development of a county wide, 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";
5. Maintain an accountability system to monitor the council's progress in achieving its purposes;
6. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

Council was officially recognized as being established by the Governor on October 27, 1995.

B. Basis of Accounting

The Council prepares its financial statements on a basis of cash receipts and disbursements, consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements of the Council under the basis of accounting used.

C. Equity in Pooled Cash And Investments

The County Treasurer is responsible for the investment of Council funds. All interest earned is paid into the General Fund of the County as per State law.

D. 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 transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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 accounted for in another fund. The general fund had the following significant sources of funding:

Intergovernmental Receipts - Funds received from the Coordinator's Grant to be used to support a portion of the cost required to maintain the position of Service Coordinator.

Local Agency Contributions - Funds received from contributions made by local agencies of Darke County to support the position of Service Coordinator and for various administrative costs.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. The Council has the following significant Special Revenue Funds:

Family Stability Grant Fund - This fund receives grant money to be used for programs and services that assist in keeping at risk families united.

Wellness Block Grant Fund - This fund receives grant money to be used for the development of programming in the prevention of teen pregnancy and child abuse and neglect.

Juvenile Accountability Incentive Block Grant Fund - This fund receives money to be used for programs that assist in assisting at risk juveniles.

E. Property, Plant And Equipment

Acquisitions of property, plant, and equipment are recorded as disbursements when paid and are not reflected as assets on the accompanying financial statements. During 1999 and 2000 the Council did not purchase any property, plant, or equipment.

F. FISCAL AGENT

The Darke County Department of Human Services serves as fiscal agent for the Council. The Department of Humans Services funds are deposited with the Darke County Auditor. Council funds are maintained in separate agency funds on the accounting system of the County.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund type eliminations have not been made in the aggregation of this data.

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Darke County Auditor maintains a cash and investments pool used by all of Darke County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	2000	1999
Cash with Fiscal Agent	<u>\$134,164</u>	<u>\$69,631</u>

Deposits - Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Darke County, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in Darke County's pooled accounts.

3. RETIREMENT SYSTEMS

The Council's Service Coordinator belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 2000 and 1999, the Service Coordinator contributed 8.5% of his gross salary. The Council contributed an amount equal to 13.55% of his gross salary for the period of January 1999 through June 2000, and an amount equal to 8.13% of his gross salary for July through December 2000. The Council has paid all contributions required through December 31, 2000.



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

Family and Children First Council
Darke County
P.O. Box 869
365 Martin Street
Greenville, Ohio 45331

We have audited the financial statements of the Family and Children First Council, Darke County (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 17, 2001. We conducted our audit in accordance with generally accepted auditing standards 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*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated April 17, 2001.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-60319-001.

A material weakness is a condition in which the design or operation of one or more of the specific 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness. We also 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 April 17, 2001.

This report is intended for the information and use of the audit committee, management, and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 17, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**SCHEDULE OF FINDINGS
FOR YEARS ENDED DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-60319-001

Type of Finding: Reportable Condition

Grant Accounting

The Darke County Family and Children First Council should maintain an effective accounting system to track grant activity. The Council did not maintain an effective accounting system which allowed for errors and inaccurate program reporting to go undetected. The following are some of the problems caused by the failure to have an effective system of financial monitoring in place:

- Intergovernmental revenue was understated for the Wellness Block Grants for 1999 by \$65,117, and the Juvenile Accountability and Incentive Block Grant and the Teen Wellness Block Grant for 2000 by \$9,979 and \$14,050, respectively.
- Contract Service expenditures were understated in the Wellness Block Grants for 1999 by \$51,676, and the Juvenile Accountability and Incentive Block Grant and the Teen Wellness Block Grant for 2000 by \$386 and \$7,025, respectively.
- Errors existed between the subsidiary ledgers maintained by the Service Coordinator and Darke County, the fiscal agent, which resulted in the understatement of the fund balances of the Wellness Block Grant for 1999 and the Juvenile Accountability and Incentive Block Grant and the Teen Wellness Block Grant for 2000.
- The activity for the Teen Wellness Block Grant consisting of intergovernmental receipts of \$14,050 and contract service expenditures of \$7,025 was omitted from the Council's annual report for 2000.
- There was no evidence that the Service Coordinator was reconciling to the activity shown for the Council's funds on the County Auditor's monthly reports.

The Council should require the Service Coordinator to classify and post the revenue and expenditure activity accurately on the grant subsidiary ledgers. The Council should also review the funds and the receipt and appropriation accounts currently used by Darke County to record the activity of the Council's funds for adequacy. The subsidiary ledgers should be kept current, and the revenue and expenditure reports from the Darke County Auditor (fiscal agent) should be reconciled to the subsidiary ledgers monthly and any errors corrected promptly.

The accompanying financial statements for 2000 and 1999 have been adjusted to reflect the amounts noted above.



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FAMILY AND CHILDREN FIRST COUNCIL

DARKE 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
MAY 24, 2001**