



**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2002



**Auditor of State
Betty Montgomery**

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Warren County Family and Children First Council
Warren County
416 South East Street
Lebanon, Ohio 45036

To the Members of the Warren County Family and Children First Council:

We have audited the accompanying financial statements of the Warren County Family and Children First Council, Warren County, Ohio (the Council), as of and for the years ended December 31, 2003 and 2002. 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, 2003 and 2002, and its combined cash receipts and disbursements for the year ended on the basis of accounting described in Note 1.

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

This report is intended solely for the information and use of the audit committee, management, the Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 19, 2004

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) (Only)</u>
Cash Receipts:			
Intergovernmental	\$0	\$587,773	\$587,773
Local Agency Contributions	0	339,131	339,131
Other Receipts	<u>23,000</u>	<u>13,341</u>	<u>36,341</u>
 Total Cash Receipts	 <u>23,000</u>	 <u>940,245</u>	 <u>963,245</u>
Cash Disbursements:			
Purchase Services/Administrative	9,423	38,566	47,989
Purchased Services/Other Agencies	0	893,684	893,684
Fiscal Accounting	7,277	0	7,277
General Operating Expenses	2,764		2,764
Refunds	<u>0</u>	<u>1,682</u>	<u>1,682</u>
 Total Cash Disbursements	 <u>19,463</u>	 <u>933,932</u>	 <u>953,395</u>
 Total Receipts over Disbursements	 3,537	 6,313	 9,850
 Fund Cash Balances, January 1	 <u>119,796</u>	 <u>188,824</u>	 <u>308,620</u>
 Fund Cash Balances, December 31	 <u><u>\$123,333</u></u>	 <u><u>\$195,137</u></u>	 <u><u>\$318,470</u></u>

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

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum) (Only)</u>
Cash Receipts:			
Intergovernmental	\$0	\$716,535	\$716,535
Local Agency Contributions	0	596,744	596,744
Other Receipts	20,120	9,835	29,955
	<u>20,120</u>	<u>1,323,113</u>	<u>1,343,233</u>
Total Cash Receipts	<u>20,120</u>	<u>1,323,113</u>	<u>1,343,233</u>
Cash Disbursements:			
Purchase Services/Administrative	16,089	33,414	49,503
Purchased Services/Other Agencies	4,644	1,262,622	1,267,266
Equipment	1,050	0	1,050
General Operating Expenses	1,054		1,054
Refunds	0	10,436	10,436
	<u>22,838</u>	<u>1,306,472</u>	<u>1,329,310</u>
Total Cash Disbursements	<u>22,838</u>	<u>1,306,472</u>	<u>1,329,310</u>
Total Receipts over/under Disbursements	<u>(2,718)</u>	<u>16,641</u>	<u>13,923</u>
Fund Cash Balances, January 1	<u>122,514</u>	<u>172,183</u>	<u>294,697</u>
Fund Cash Balances, December 31	<u><u>\$119,796</u></u>	<u><u>\$188,824</u></u>	<u><u>\$308,620</u></u>

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

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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. For the years ended December 31, 2003 and 2002, the Warren County Family and Children First Council, Warren County, Ohio (the Council), was an agency fund of Warren County, Ohio. 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 per cent of the council's remaining membership.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(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:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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

Council Membership

The County's Council membership included Children's Services, Board of Alcohol & Drug Addiction Services, Board of Mental Health, Board of Mental Retardation and Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job & Family Services, family representatives, and the educational community. The purpose of the Family & Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Coordinator has been hired to administer all of the Family & Children First programs. Because these programs affect all of the agencies within the Council membership, the salary of this employee is paid from a Collaborative Fee agreement derived from the agencies in the County. The salary of this employee is paid from the State Administrative grant received by the Council and pooled funding derived from each of the Council agencies in the County.

Administrative Council

The Administrative Council is a governing and policy making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. This committee is responsible for the creation of all standing committees and task groups of the Council.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Fund Accounting

The Council uses fund accounting to segregate cash that is 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. All expenditures are made in accordance with an annual budget approved by the administrative body of the Council.

2. Special Revenue Funds

These funds were used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. During the period ending December 31, 2003 and 2002, the following programs were awarded to the Council: Service Coordination Grant, Ohio Wellness Block Grant, TANF, Comprehensive Strategies/Partnerships for Success, and Help Me Grow.

D. Fiscal Agent

The Warren County Children's Services Board became the Council's administrative agent on April 1, 2000. The Warren County Auditor, the Council's fiscal agent maintains Council funds in a separate Agency fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the Warren County Auditor, the Council's fiscal agent. The estimated expenditures are approved per grant.

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 statement.

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

2. EQUITY IN POOLED CASH

The Council's cash pool is maintained by the Warren County Auditor, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Warren County Auditor is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the Warren County Auditor at December 31, 2003 and 2002 was \$318,471 and \$308,621 respectively.

The Warren County Auditor, as the fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Council's pooled cash and depository accounts.

3. RISK MANAGEMENT

The Council is covered under the Warren County Auditor's insurance policy.



**Auditor of State
Betty Montgomery**

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

Warren County Family and Children First Council
Warren County
416 South East Street
Lebanon, Ohio 45036

To the Members of the Warren County Family and Children First Council:

We have audited the accompanying financial statements of the Warren County Family and Children First Council, Warren County, Ohio (the Council), as of and for the years ended December 31, 2003 and 2002 and have issued our report thereon dated May 19, 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 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*.

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 statement and not to provide assurance on the internal control over financial reporting. However, we noted certain matters 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 judgment, 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. A reportable condition is described in the accompanying schedule of findings as item 2003-001.

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 amount 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 that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

Warren County Family and Children First Council
Warren County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, management and the Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State of Ohio

May 19, 2004

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**SCHEDULE OF FINDINGS
NOVEMBER 30, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Reportable Condition- Reconciliations

The year-end financial statements did not reconcile with the fiscal agent's year-end ledgers. We noted the following errors:

- The 2002 financial statements beginning fund balances did not agree to the prior year audited financial statements. The error occurred when the amounts between the General and Special revenue fund ending balances for year ending 2001 were not properly reflected in the beginning balances for 2002, however, in total the fund balance was correct.;
- The 2002 financial statements did not properly foot due to a error in a formula;
- The 2002 financial statement's expenditures did not agree with County ledgers. The error occurred when the state operating disbursements in the amount of \$23,996 were not included in the financial statements;
- The 2002 Council ledgers had an expense in the amount of \$4,703.09 as a duplicate entry;
- The 2002 Council ledgers did not have interest expense in the amount of \$23.08 booked;

These errors have been corrected on the 2003 and 2002 audited financial statements.

Reconciliations are an effective tool to ensure the accuracy and completeness of the Council's financial reports. By performing reconciliations between the Council's ledger and the County's ledgers, the Council can detect errors such as disagreements in cash balances and omitted items that cause financial statements to be inaccurate. We recommend the Council perform reconciliations between the Council's ledgers and the County's ledgers to ensure proper control over the accuracy of the Council's financial statements.

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**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-60483-001	Material Noncompliance /Budgetary-The FCFC did not file and annual budget with Admin. Agent, WC. Auditor, and Co. Commissioners as required.	Yes	
2001-60483-002	Material Noncompliance Material Weakness – The FCFC did not classify its receipts by source or disbursements by purpose in its annual report. The FCFC did not maintain an accurate ledger.	Yes	
2001-60483-003	Material Weakness Governing Body Oversight- The FCFC did not have proper Governing body oversight.	No	Partially Corrected; the issue regarding reconciliations between council and county auditor repeats as finding number 2003-001.
2001-60483-004	Reportable Condition Receipts- the FCFC did not properly account for all receipts received.	Yes	



**Auditor of State
Betty Montgomery**

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WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

WARREN 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
JUNE 10, 2004**