



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	4
Notes to the Financial Statements .....	5
Schedule of Federal Awards Expenditures .....	9
Notes to the Schedule of Federal Awards Expenditures .....	10
Independent Accountants' Report on Compliance and on Internal Controls Required By <i>Government Auditing Standards</i> .....	11
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	13
Schedule of Findings – <i>OMB Circular A-133 §.505</i> .....	15

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Gallia County  
18 Locust Street  
Gallipolis, Ohio 45631

To the Board of County Commissioners:

We have audited the accompanying general-purpose financial statements of Gallia County, Ohio (the County), as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of Gallco Industries, Inc. or the Gallia-Meigs Regional Airport, discretely presented component units. Those financial statements were audited by another auditor whose reports thereon have been furnished to us, and our opinion, insofar as they relate to the amounts included for Gallco Industries, Inc. and the Gallia-Meigs Regional Airport, are based on the reports of the other auditor.

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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of another auditor, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Gallia County, as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2003 on our consideration of the County'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.

The accompanying Schedule of Federal Awards Expenditures is presented for additional analysis as required by 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 general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

**Betty Montgomery**  
Auditor of State

August 18, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental Receipts	\$ 20,141	\$ 1,119,864	\$ 1,140,005
Local Agency Contributions	120,056		120,056
Miscellaneous	4,854	3,443	8,297
	<u>145,051</u>	<u>1,123,307</u>	<u>1,268,358</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Personal Services	18,642	26,108	44,750
Contractual Services	196,779	982,155	1,178,934
Supplies and Materials	1,203	13	1,216
Emergency		16,403	16,403
Miscellaneous	2,502		2,502
	<u>219,126</u>	<u>1,024,679</u>	<u>1,243,805</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	(74,075)	98,628	24,553
Fund Cash Balances, January 1	<u>125,506</u>	<u>166,328</u>	<u>291,834</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 51,431</b></u>	<u><b>\$ 264,956</b></u>	<u><b>\$ 316,387</b></u>
Reserves for Encumbrances, December 31	<u>\$ 15,997</u>	<u>\$ 33,068</u>	<u>\$ 49,065</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Intergovernmental Receipts	\$ 20,367	\$ 367,451	\$ 387,818
Local Agency Contributions	96,000		96,000
Miscellaneous	321		321
	<u>116,688</u>	<u>367,451</u>	<u>484,139</u>
<b>Total Cash Receipts</b>			
	116,688	367,451	484,139
<b>Cash Disbursements:</b>			
Personal Services	25,569	19,444	45,013
Contractual Services	79,985	281,177	361,162
Supplies and Materials	703	12,894	13,597
Emergency		42,711	42,711
Miscellaneous	3,397	4,880	8,277
	<u>109,654</u>	<u>361,106</u>	<u>470,760</u>
<b>Total Cash Disbursements</b>			
	109,654	361,106	470,760
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>7,034</u>	<u>6,345</u>	<u>13,379</u>
	7,034	6,345	13,379
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		19,573	19,573
Transfers-Out		(19,573)	(19,573)
	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	0	0	0
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>7,034</u>	<u>6,345</u>	<u>13,379</u>
	7,034	6,345	13,379
<b>Fund Cash Balances, January 1</b>	<u>118,472</u>	<u>159,983</u>	<u>278,455</u>
	118,472	159,983	278,455
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 125,506</u></u>	<u><u>\$ 166,328</u></u>	<u><u>\$ 291,834</u></u>
	\$ 125,506	\$ 166,328	\$ 291,834
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$ 16,408</u></u>	<u><u>\$ 15,845</u></u>	<u><u>\$ 32,253</u></u>
	\$ 16,408	\$ 15,845	\$ 32,253

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



**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

**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 required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include 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 percent 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  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Description of the Entity (Continued)**

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 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"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of 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 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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 and investments that are restricted as to use. The Council classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**1. General**

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 that are restricted to expenditure for specific purposes. The Council had the following Special Revenue Funds:

*Ohio Wellness Block Grant Fund* – This fund receives state monies to focus on reducing teenage pregnancy and provide latitude to local Councils to make decisions for funding prevention services.

*Family Stability Incentive Fund* – This fund receives federal and state monies to support the establishment of defined county goals for reducing the number of children removed from their homes, encourages the development of local interagency diversion teams to provide appropriate services and supports which prevent such removals, and provides incentives to counties that achieve their reduction goals.

*Help Me Grow Fund* – This fund receives federal monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.

**D. Administrative/Fiscal Agent**

The Athens County Children Services is the designated administrative agent for the Council. The Athens County Auditor is the designated fiscal agent. The Council's funds are maintained by the County in a separate Agency Fund.

**E. Equity in Pooled Cash and Investments**

The Council's cash and investments are maintained by the Athens County Treasurer. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2002 and 2001, the Council's share of the County's cash and investment pool was as follows:

	<u>2002</u>	<u>2001</u>
Demand deposits	\$ 316,387	\$ 291,834

All risks associated with such deposits are the responsibility of Athens County.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budgetary Activity**

The Council files an annual estimate of expenditures and revenue with Athens County Children Services Board, as required by Ohio law. This estimate is adopted by the Council and the Athens County Children Services Board. The Council and Children Services Board approve any changes made to this estimate during the year. The Children Services Board ensures that the Council's expenditures do not exceed appropriations.

**G. 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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

**2. RETIREMENT SYSTEM**

The Council's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all employer contributions required through December 31, 2002.

**3. RISK MANAGEMENT**

The Council is insured through the Athens County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

**4. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Disbursements
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed through Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	84.181	84-1-002-1-EG-02 84-1-002-1-EG-03	\$ 32,231 <u>27,502</u>
Total Special Education - Grants for Infants and Families with Disabilities			<u>59,733</u>
Total United States Department of Education			59,733
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed through Ohio Department of Health:</i>			
Promoting Safe and Stable Families	93.556	N/A	<u>59,671</u>
Total Promoting Safe and Stable Families			59,671
<i>Passed through Athens County Department of Job and Family Services:</i>			
Temporary Assistance to Needy Families	93.558	N/A	<u>383,641</u>
Total Temporary Assistance to Needy Families			<u>383,641</u>
Total United States Department of Health and Human Services			<u>443,312</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 503,045</u></b>

*The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Council's federal award programs. The Schedule has been prepared on the cash basis of accounting.



**Auditor of State  
Betty Montgomery**

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

Family and Children First Council  
Athens County  
P.O. Box 1046  
Athens, Ohio 45701

To the Members of the Council:

We have audited the financial statements of the Family and Children First Council, Athens County, Ohio (the Council), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 19, 2003, wherein we noted we were unable to obtain sufficient evidential matter to audit cash fund balances. Except as regarding cash fund balances, 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. We also noted an immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated August 19, 2003.

**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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-002 and 2002-003.

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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. 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. We believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated August 19, 2003.

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

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

**Betty Montgomery**  
Auditor of State

August 19, 2003





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Family and Children First Council  
Athens County  
P.O. Box 1046  
Athens, Ohio 45701

To the Members of the Council:

#### Compliance

We have audited the compliance of the Family and Children First Council, Athens 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 its major federal program for the year ended December 31, 2002. The Council's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 its major federal program for the year ended December 31, 2002. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings as item 2002-004.

### **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.

We noted a matter involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Council's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings as item 2002-005.

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. Our consideration of the internal control over compliance 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 believe the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the Council in a separate letter dated August 19, 2003.

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



**Betty Montgomery**  
Auditor of State

August 19, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Temporary Assistance to Needy Families – CFDA # 93.558
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

**Noncompliance Citation**

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. These reports must be filed on forms prescribed by the Auditor of State. However, if the Auditor of State has not prescribed a form for the report, the public office shall submit its report on the form utilized by the public office. Any public office which does not file the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. In addition, the Auditor of State may waive all or any part of the penalty assessed under this Section upon filing the past due financial report.

The report shall contain the amount of: 1) receipts, and amounts due from each source; 2) expenditures for each purpose; 3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and 4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office 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 file an annual financial report with the Auditor of State for either 2001 or 2002.

We recommend the Council prepare and file an annual financial report with the Auditor of State.

**FINDING NUMBER 2002-002**

**Material Weakness – Financial Statements**

The Council's unaudited financial statements required numerous adjustments and reclassifications. Specifically, we noted the following problems:

- Although the Council had outstanding encumbrances at December 31, 2002 and December 31, 2001, no reserve for encumbrances was reported.
- The Ohio Children's Trust Special Revenue Fund activity was not reported in 2001 or 2002.
- In 2001, the Fatherhood Appreciation Grant activity was included in the General Fund instead of being reported as a Special Revenue Fund. In 2002, the Wellness, Family Stability, and Help Me Grow Programs were included in the General Fund instead of being reported as Special Revenue Funds.
- In 2001 and 2002, the General Fund charged the Special Revenue Funds administrative fees for the time the Director spent on the various Special Revenue programs. These transactions were posted as disbursements in the Special Revenue Funds and receipts in the General Fund. The proceeds of these receipts in the General Fund were then disbursed as part of the Director's salary. This method of accounting overstates the Council's receipts and disbursements.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-002 (Continued)**

**Material Weakness – Financial Statements (Continued)**

- In 2001, when a disbursement was initially misposted and later corrected, the correction was recorded as a receipt and disbursement. This method of accounting overstates the Council's receipts and disbursements.
- In 2001 and 2002, contractual services payments for audit fees, clerical support, residential care, case management, and the Help Me Grow Program were misclassified as miscellaneous, emergency, supplies, personal services and children disbursements.
- In 2002, the amounts paid to Athens County Children Services for the Help Me Grow Program were recorded as a disbursement and a transfer-out in the General Fund, and as a transfer-in in the Help Me Grow Special Revenue Fund. This method of accounting is inaccurate and fails to separate the Council's financial activity from that of its administrative agent.
- In 2002, the total receipts in the Family Stability Special Revenue Fund and the total disbursements in the Help Me Grow Special Revenue Fund did not match the amounts on the County Auditor's records.

The accompanying financial statements were adjusted to reflect the items noted above.

In addition, we noted the Council did not record each Special Revenue activity in a separate fund. For 2001, only General Fund (#228) and the Ohio Children's Trust Special Revenue Fund (#208) were accounted for in separate funds on the County Auditor's records. The Wellness, Family Stability, Help Me Grow, and Welcome Home Special Revenue Funds were included in the Children Services Fund (#080), along with other Children Services activity. For 2002, only the Ohio Children's Trust Special Revenue Fund (#208) was accounted for in a separate fund on the County Auditor's records. At the beginning of 2002, the Family Stability and Help Me Grow Special Revenue Funds were included in the Children Services Fund (#080), while the Wellness Fund was included in the General Fund (#228). At the end of 2002, the Wellness, Family Stability, and Help Me Grow Special Revenue Funds were all included in the General Fund (#228). As a result, the Council has no record of fund cash balances at December 31, 2001, except for its General Fund and Ohio Children's Trust Special Revenue Fund, which were accounted for separately on the County's records. The Council has no record of fund cash balances at December 31, 2002, except for its Ohio Children's Trust Special Revenue Fund, which was accounted for separately on the County's records. Therefore, we could not determine the accuracy of the Council's reported fund cash balances in 2001 or 2002.

We recommend the Council make a concentrated effort to maintain their financial records in a manner which would allow for the preparation of accurate annual financial statements. The Council's financial activity should not be accounted for within the Athens County Children Services Fund. The General Fund should be used to record General Fund activity only, and a separate Special Revenue Fund should be set up for each Special Revenue Fund activity. The accounting records should also include documentation of fund cash balances for each individual fund. In order to avoid overstating receipts and disbursements, the Director's salary should be allocated to the General and Special Revenue Funds each pay period rather than expensed in total from the General Fund, with the General Fund being reimbursed by the Special Revenue funds. Also, when the misposting of a disbursement is discovered, the original entry should be voided and the disbursement posted to the proper line item rather than the correction being recorded as a receipt and disbursement.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2002-003**

**Material Weakness**

Reconciliations between the Council's records and the County Auditor's records were not performed in 2001 and 2002. Performing reconciliations between the Council's records and the County Auditor's records helps to ensure that all transactions have been properly recorded. Having the Council review and approve the reconciliations would allow them to better see the tie between the Council's records and County Auditor's records every month.

We recommend the Fiscal Manager reconcile the Council's reports to the County Auditor's reports on a monthly basis, sign off on those reconciliations, and include them with the monthly financial reports. We also recommend the reconciliations be presented to Council and approved by them.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	<b>2002-004</b>
<b>CFDA Title and Number</b>	<b>Temporary Assistance for Needy Families – CFDA #93.558</b>
<b>Federal Award Number/Year</b>	<b>N/A</b>
<b>Federal Agency</b>	<b>U.S. Department of Health and Human Services</b>
<b>Pass-Through Agency</b>	<b>Athens County Department of Job and Family Services</b>

**Noncompliance Citation – Reporting**

Article 2: Duties and Obligations of the Provider, Section 2.2: Reports of the contracts for the period July 1, 2001 through June 30, 2002, between the Council and the Athens County Department of Job and Family Services (ACDJFS) for the Wellness and Help Me Grow programs required that the Council submit the following reports:

- A monthly report of the number of adults and children served with estimated monthly expenditures;
- A quarterly narrative report which details the success of the program and the areas needing improvement and plans for improvement; and
- A quarterly financial report giving quarterly expenses and encumbrances, and year-to-date expenses by budget category.

Monthly reports were to be submitted by the fifteenth of the following month, while quarterly reports were to be submitted within thirty days of the end of the quarter.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2002-004 (Continued)**

**Noncompliance Citation – Reporting (Continued)**

**Article 2: Duties and Obligations of the Provider, Section 2.2 (Continued)**

Article 2: Duties and Obligations of the Provider, Section 2.3: Reports of the contracts for the period July 1, 2002 through June 30, 2003, between the Council and the ACDJFS for the Wellness and Help Me Grow programs required that Council submit the following quarterly reports within thirty days of the end of the quarter:

- A report of the number of adults and children served by month with a roster of names;
- A quarterly narrative report which details the success of the program and the areas needing improvement and plans for improvement; and
- A quarterly financial report giving quarterly expenses and encumbrances, and year-to-date expenses by budget category.

For the Wellness Program, we noted neither the monthly nor the quarterly financial reports were prepared for January through June 2002.

For the Help Me Grow Program, we noted the monthly reports of the number of adults and children served with estimated expenditures were not prepared. We also noted the Council's files did not contain a complete set of the quarterly narrative and financial reports. The quarterly narrative and financial reports consist of a narrative, a summary expenditure page and a supporting spreadsheet. However, the summary expenditure page was not on file for the first quarter of 2002, and the supporting spreadsheet was not on file for the second quarter of 2002. In addition, we noted none of the narratives or financial reports on file during the audit period were dated. Therefore, we could not determine if the reports had been filed by the required dates.

We recommend the Council review the Wellness and Help Me Grow contracts and ensure that all required reports be prepared and submitted to the ACDJFS by the required dates. We further recommend that copies of all such reports and any supporting documentation be retained by the Council and maintained in a centralized location. The report files should also include documentation of the dates when the reports were submitted.

**FAMILY AND CHILDREN FIRST COUNCIL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

<b>Finding Number</b>	<b>2002-005</b>
<b>CFDA Title and Number</b>	<b>Temporary Assistance for Needy Families – CFDA #93.558</b>
<b>Federal Award Number/Year</b>	<b>N/A</b>
<b>Federal Agency</b>	<b>U.S. Department of Health and Human Services</b>
<b>Pass-Through Agency</b>	<b>Athens County Department of Job and Family Services</b>

**Material Weakness – Other**

The Help Me Grow Program included funding from three different sources (TANF, Part C and GRF). For some disbursements, the description in the appropriations ledger identified the funding source. However, this was not done consistently during the audit period. As a result, the breakdown (allocation) among the three funding sources was not shown on the Athens County Auditor’s reports or on the Council’s subsidiary reports. Instead, the Fiscal Manager manually compiled the breakdown among the three funding sources at the end of each quarter, in order to complete the quarterly financial report for the Help Me Grow Program.

We recommend the Fiscal Manager maintain subsidiary records, such as monthly spreadsheets, which show the allocation among the three funding sources for the Help Me Grow Program. These subsidiary records should include the date, warrant number, amount, payee, and funding source of each disbursement, as well as monthly and year-to-date totals. We further recommend the Fiscal Manager perform a monthly reconciliation of these subsidiary records and the monthly disbursement reports received from the Athens County Auditor to ensure that all Help Me Grow disbursements are recorded on the subsidiary records.





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**ATHENS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**ATHENS 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 7, 2003**