

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

**FINANCIAL STATEMENTS  
AUDITED**

**DECEMBER 31, 2002**





**Auditor of State  
Betty Montgomery**

Members of Council  
Wayne County Family and Children First Council

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. for the audit period January 1, 2002 through December 31, 2002. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 31, 2003

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**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
WAYNE COUNTY  
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**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 statement 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, 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 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, 2002, 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 24, 2003 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, 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 24, 2003

**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, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals ( Memorandum Only )</u>
<b>Cash Receipts:</b>			
Individual Case Plan Revenue	\$ 643,308	\$ -	\$ 643,308
Special Projects Revenue	579,422	-	579,422
Children's Trust Fund Revenue	<u>-</u>	<u>24,652</u>	<u>24,652</u>
Total Cash Receipts	<u>1,222,730</u>	<u>24,652</u>	<u>1,247,382</u>
<b>Non-Revenue Receipts:</b>			
Advances - In	<u>371,000</u>	<u>-</u>	<u>371,000</u>
Total Receipts	<u>\$ 1,593,730</u>	<u>\$ 24,652</u>	<u>\$ 1,618,382</u>
<b>Cash Disbursements:</b>			
Current:			
Family Council Shared Funding Contracts	\$ 645,266	\$ -	\$ 645,266
Special Projects Contracts	635,783	-	635,783
Children's Trust Fund Projects	<u>-</u>	<u>10,682</u>	<u>10,682</u>
Total Cash Disbursements	<u>1,281,049</u>	<u>10,682</u>	<u>1,291,731</u>
Total Cash Receipts Over / (Under) Cash Disbursements	312,681	13,970	326,651
Fund Cash Balances, January 1	<u>193,211</u>	<u>12,326</u>	<u>205,537</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 505,892</b></u>	<u><b>\$ 26,296</b></u>	<u><b>\$ 532,188</b></u>

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



**WAYNE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 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. 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  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002**

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

**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 2002 \$24,652 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, 2002 the balance in this fund was \$26,296.

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

**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. Advanced – In**

Advances In represent a temporary reallocation of cash from one fund to another and involve an expectation of repayment. There must be a statutory authority to use the money advanced for the same purpose of the fund advancing the money. The amount received and expected to be repaid is \$ 371,000.

**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, 2002 was \$ 532,188. 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 2002, members of PERS contributed an amount equal to 8.5% of their gross salaries and the employer contributed an amount equal to 13.55% of participants' gross salaries. The County has paid all contributions required through December 31, 2002.

**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, 2002, and have issued our report thereon dated June 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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.

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated June 24, 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. 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.

Wayne County Family and Children First Council  
Wayne County  
Report on Compliance and on Internal Control over Financial Reporting  
Based on an Audit of Financial Statements Performed  
in Accordance with Government Auditing Standards  
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However, we 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 June 24, 2003.

This report is intended for the information and use of the audit committee, management and the members of Council, 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 24, 2003

WAYNE COUNTY FAMILY AND CHILDRENS FIRST COUNCIL

WAYNE COUNTY

JANUARY 1, 2002 TO DECEMBER 31, 2002

PREPARED BY: LINC, MALACHIN & DENNIS, INC.







**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 26, 2003**