



**ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ashtabula Family and Children First Council
Ashtabula County
3914 C Court
P.O. Box 756
Ashtabula, Ohio 44004

To The Members Of Council:

We have audited the accompanying financial statements of the Ashtabula Family and Children First Council, Ashtabula 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 provide a reasonable basis for our opinion.

As described Note 2, 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 and reserves for encumbrances of the Family and Children First Council, 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 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 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 management and 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.

Jim Petro
Auditor of State

May 31, 2001

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**ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA 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**

	Governmental Fund Type		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Government Agencies	\$45,466	\$1,594	\$47,060
Intergovernmental	40,000	604,899	644,899
Total Cash Receipts	<u>85,466</u>	<u>606,493</u>	<u>691,959</u>
Cash Disbursements:			
Current:			
Salaries and Benefits	51,840		51,840
Travel and Transportation	5,041		5,041
Contract Services	510	650,861	651,371
Supplies	5,273		5,273
Total Disbursements	<u>62,664</u>	<u>650,861</u>	<u>713,525</u>
Total Receipts Over/(Under) Disbursements	22,802	(44,368)	(21,566)
Fund Cash Balances January 1	<u>20,147</u>	<u>136,543</u>	<u>156,690</u>
Fund Cash Balances, December 31	<u>\$42,949</u>	<u>\$92,175</u>	<u>\$135,124</u>

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

**ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA 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		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Government Agencies	\$20,000		\$20,000
Intergovernmental	63,692	495,645	559,337
Total Cash Receipts	83,692	495,645	579,337
Cash Disbursements:			
Current:			
Salaries and Benefits	60,568		60,568
Travel and Transportation	3,903		3,903
Contract Services	4,495	505,393	509,888
Supplies	3,688		3,688
Total Disbursements	72,654	505,393	578,047
Total Receipts Over/(Under) Disbursements	11,038	(9,748)	1,290
Other Financing Receipts/(Disbursements):			
Transfers-In		11,456	11,456
Transfers-Out	(11,456)		(11,456)
Total Other Financing Receipts/(Disbursements)	(11,456)	11,456	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(418)	1,708	1,290
Fund Cash Balances, January 1	20,565	134,835	155,400
Fund Cash Balances, December 31	\$20,147	\$136,543	\$156,690

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

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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

1. 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 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 municipal corporation with the largest population 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. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.
- o. 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
ASHTABULA COUNTY**

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

1. DESCRIPTION OF THE ENTITY (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 councils' 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 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";
- 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.

Finance Committee

The finance committee consists of a minimum of four and maximum of seven members approved by the Council having a financial knowledge beneficial to the committee. It shall review matters related to the financial well being of the Council and provide a link between the Council and management in implementation and review of the financial procedures. Areas of jurisdiction include budgets, review of receipts and expenditures, audits, and service fees.

Steering Committee

The steering committee consists of the Chairperson; Vice-Chairperson; Chairpersons of the finance, program, public information and personnel committees; and two at-large members elected from Council members. It shall expedite the business of the organization, set agendas, and refer business to the appropriate committees.

Program Committee

The program committee consists of a minimum of six and maximum of twelve members approved by the Council. It shall review programs and services directly affecting Ashtabula County consumers. The committee develops annual service plans, identifies the need for ad-hoc committees and recommends grant applications and funding needs.

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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

1. DESCRIPTION OF THE ENTITY (Continued)

Personnel Committee

The personnel committee consists of a minimum of four and maximum of seven members approved by the Council. It shall review matters related to Council staff support, staff selection, performance appraisals and job descriptions.

Cluster Committee

The cluster committee consists of directors of agencies serving on cluster through legislation, to a maximum of six members. Voting on funding issues is limited to those agencies having such funding responsibility. The committee shall review matters related to cluster activities and clients served through the cluster process; policies and procedures; funding; legislation; and the service coordination plan.

Public Information Committee

The public information committee consists of a minimum of five and maximum of twelve members approved by the Council. It shall provide cross training activities through planning, presentations, evaluations, survey for particular needs assessments; coordination of public news releases; and recommendations of pertinent activities to the Council.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statement's 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 a payment is made rather than when a liability is incurred. Budgetary presentations report expenditures when 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.

B. 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 are reflected in a self-balancing group of accounts. The Council classifies its funds into the following types:

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.

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The grants included in the Special Revenue Funds are the Wellness Block Grant I and II, Cluster Wraparound, Family Stability, Welcome Home and Ohio Early Start Grant.

C. Budgetary Process

The Ashtabula Family and Children First Council is required to adopt a budget as per Ohio Revised Code Section 121.37.

D. Fiscal Agent

The Council designates fiscal agents for all funds received in the name of the Council. During the audit period, the designated fiscal agents were as follows:

Fiscal Agent

Funding

Ashtabula County Auditor

State Administration Grant
Ohio Wellness Block Grant I & II
Cluster Wraparound
Family Stability
Ohio Early Start Program

The Ashtabula County Auditor is the designated fiscal agent for the Ashtabula County Children Services Board.

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 statement.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

3. EQUITY IN POOLED CASH

The Ashtabula County Treasurer maintains a cash pool used by all of the county's funds, including those of the Ashtabula Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2000, was \$135,124 and at December 31, 1999; \$156,690. The Ashtabula County Treasurer is responsible for maintaining adequate depository collateral for all funds in Ashtabula County's pooled and deposit accounts.

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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

4. BUDGETARY ACTIVITY

The Council adopts budgets that are therefore a restriction on spending, but are not required to comply with budgetary regulations. Council does not budget by General or Special Revenue Funds, but the Administrative Agent does by total dollars available. Budgetary activity for the years ending 2000 and 1999 were as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$81,213	\$85,466	\$4,253
Special Revenue	<u>643,787</u>	<u>606,493</u>	<u>(37,294)</u>
Total	<u>\$725,000</u>	<u>\$691,959</u>	<u>(\$33,041)</u>

2000 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$73,443	\$62,664	\$10,779
Special Revenue	<u>712,000</u>	<u>650,861</u>	<u>61,139</u>
Total	<u>\$785,443</u>	<u>\$713,525</u>	<u>\$71,918</u>

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$69,409	\$83,692	\$14,283
Special Revenue	<u>498,593</u>	<u>507,101</u>	<u>8,508</u>
Total	<u>\$568,002</u>	<u>\$590,793</u>	<u>\$22,791</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$77,749	\$84,110	(\$6,361)
Special Revenue	<u>372,889</u>	<u>505,393</u>	<u>(132,504)</u>
Total	<u>\$450,638</u>	<u>\$589,503</u>	<u>(\$138,865)</u>

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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

5. RETIREMENT SYSTEMS

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

PERS members contributed 8.5% of their gross salaries. The Ashtabula Family First Council contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants gross salaries. The Ashtabula Family First Council has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Ashtabula Family First Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

7. CONTINGENT LIABILITIES

No lawsuits are pending against the Council at the time of this report.

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.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Ashtabula Family and Children First Council
Ashtabula County
3914 C Court
P.O. Box 756
Ashtabula, Ohio 44004

To The Members Of Council:

We have audited the accompanying financial statements of Ashtabula Family and Children First Council Ashtabula County, Ohio (the Council), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 31, 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*.

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 judgement, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-61104-001 and 2000-61104-002.

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. However, we believe none of the reportable conditions described above is a material weakness. We also noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Ashtabula Family and Children First Council's management in a separate letter dated May 31, 2001

This report is intended solely for the information and use of management and the Ashtabula Family and Children First Council and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 31, 2001

**ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-61104-001
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Administrative/Fiscal Agent Agreement

The Ashtabula County Family and Children First Council (the Council) has entered into an agreement with the Ashtabula County Children Services Board (CSB) to serve as its' administrative/fiscal agent (Although The Council appointed the CSB as the fiscal agent, the County Auditor statutorily serves as the fiscal agent for the CSB, therefore the fiscal agent responsibilities are passed on to the County Auditor). Our review of the written administrative/fiscal agent agreement noted the absence of several points of focus which were not being addressed and/or not being performed by the parties involved.

The Council should ensure the following points of focus are being addressed/performed:

- A. Prescribe the type of financial records the Children Services Board will provide periodically to the Council for review, (e.g. detailed ledgers reflecting actual receipts and disbursements as compared to budgeted receipts and disbursements, including a breakdown of receipts and disbursements for each grant).
- B. Suggest the fiscal agent (County Auditor) establish separate funds within its accounting system to maintain the Family and Children First Council activity (i.e., one fund for all unrestricted monies of the Family and Children First Council and one fund for each source of restricted monies of the Family and Children First Council).
- C. Outline procedures and documents for the handling of recording cash receipts and disbursements between the Council and Children Services Board.
- D. Determine responsibility for the preparation of the year end financial statements and schedule of federal awards, which must be presented for audit.
- E. Determine the specific responsibilities which the Council delegates to the Children Services Board. These may include signing grant agreements on behalf of the Council, ensuring that funds are deposited and invested in accordance with Ohio law, and maintaining required supporting documentation of financial activity to be presented for audit.

Implementation of these additional points of focus, would enhance the Ashtabula Family and Children First Council's internal accounting and administrative controls, and facilitate its effective and efficient operation. Written agreements signed by the Council, Administrative and Fiscal Agents, documenting the above issues and outlining the specific authority and responsibility of each party, should be implemented. The agreement should provide each party guidance as to their roles in the operation and record keeping of the Ashtabula Family and Children First Council. Auditor of State Bulletin 98-007 offers additional guidance for Family and Children First Councils.

Finding Number	2000-61104-002
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Identification of Restricted and/or Unrestricted Financial Assistance

The Fiscal Agent of the Ashtabula Family and Children First Council does not account for each grant in a separate fund. As a result grant monies are commingled with other monies and the Council could not distinguished which funds are restricted or unrestricted on the Ashtabula County's ledgers. Failure to account for grant monies in separate funds increases the risk that grant monies will not be spent for their intended purpose.

We recommend that the Council or its administrative agent notify the fiscal agent when new grant monies are received and identify if these grant monies are restricted or unrestricted so that separate funds may be established. If such information is not clearly stated in the agreement, Family and Children First Council should contact the agency which awarded the grant to clarify what, if any, federal funding was received and to what federal requirements those funds are subject. If not received in writing, the Ashtabula Family and Children First Council should document the date, the name and title of the person to whom they spoke, and the Catalog of Federal Domestic Assistance identification number of the federal funds. If the Ashtabula Family and Children First Council is passing these funds through to a subrecipient, this information should be provided to the subrecipient.

Implementation of our recommendations should assist the Council with maintaining fiscal accountability and assist them in complying with applicable grant requirements.



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FAMILY AND CHILDREN FIRST COUNCIL

ASHTABULA 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 26, 2001**