



**LORAIN COUNTY CHILDREN & FAMILIES COUNCIL
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**Lorain County Children & Families Council
Lorain County**

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REPORT OF INDEPENDENT ACCOUNTANTS

Lorain County Children & Families Council
Lorain County
42485 North Ridge Road
Elyria, Ohio 44035

To the Council:

We have audited the accompanying financial statements of the Lorain County Children & Families Council, Lorain County, Ohio, (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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the Council prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Lorain County Children & Families Council, Lorain County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 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 audits.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

July 22, 2001

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Lorain County Children & Families Council
Lorain County
**Combined Statement of Cash Receipts, Cash Disbursement
and Changes in Cash Fund Balances
Governmental Funds
for the year ended December 31, 2000**

	Governmental Funds		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
State Government	\$40,000	\$716,218	\$756,218
Federal Government	0	267,458	267,458
Total Cash Receipts	40,000	983,676	1,023,676
Cash Disbursements:			
Salaries and Benefits	31,235	75,756	106,991
Conference and Training	5,347	383	5,730
Office Supplies and Postage	4,254	1,152	5,406
Contracted Services	2,090	1,342,725	1,344,815
Other Operating Disbursements	1,306	95,964	97,270
Total Cash Disbursements	44,232	1,515,980	1,560,212
Total Receipts Over/(Under) Disbursements	(4,232)	(532,304)	(536,536)
Other Financing Receipts/(Disbursements):			
Loan Proceeds	0	150,000	150,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,232)	(382,304)	(386,536)
Fund Cash Balances, January 1	4,232	705,036	709,268
Fund Cash Balances, December 31	\$0	\$322,732	\$322,732

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

Lorain County Children & Families Council
Lorain County
**Combined Statement of Cash Receipts, Cash Disbursement
and Changes in Cash Fund Balances
Governmental Funds
for the year ended December 31, 1999**

	<u>Governmental Funds</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Government	\$20,000	\$864,342	\$884,342
State Government	0	50,803	50,803
Federal Government	0	300,487	300,487
Miscellaneous	60	6,880	6,940
	<u>20,060</u>	<u>1,222,512</u>	<u>1,242,572</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries and Benefits	48,915	23,072	71,987
Conference and Training	1,810	382	2,192
Office Supplies and Postage	1,488	319	1,807
Contracted Services	1,753	1,054,282	1,056,035
Intergovernmental	0	17,630	17,630
Other Operating Disbursements	12,800	0	12,800
Loan Repayment	20,000	256,744	276,744
	<u>86,766</u>	<u>1,352,429</u>	<u>1,439,195</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(66,706)</u>	<u>(129,917)</u>	<u>(196,623)</u>
Other Financing Receipts/(Disbursements):			
Loan Proceeds	63,000	28,308	91,308
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,706)	(101,609)	(105,315)
Fund Cash Balances, January 1	<u>7,938</u>	<u>806,645</u>	<u>814,583</u>
Fund Cash Balances, December 31	<u>\$4,232</u>	<u>\$705,036</u>	<u>\$709,268</u>

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

Lorain County Children & Families Council
Lorain County
Notes to the Financial Statements
December 31, 2000 and 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Lorain County Children & Families Council (the Council) was created pursuant to Ohio Revised Code Section 121.37. The Council has the following members as prescribed by the Ohio Revised Code:

1. The President of the Lorain County Board of County Commissioners
2. The Director of the Lorain County Board of Mental Health
3. The Director of the Lorain County Board of Mental Retardation/Developmental Disabilities;
4. The Director of Lorain County Children Services;
5. The Director of the Lorain County Department of Job and Family Services;
6. The Director of the Lorain County Alcohol and Drug Addiction Services Board;
7. The Juvenile Court Judge, Lorain County Court of Common Pleas, senior in service;
8. The Health Commissioner of the Lorain County General Health District;
9. The Mayor of the City of Lorain;
10. The Health Commissioner of the City of Lorain;
11. The Health Commissioner of the City of Elyria;
12. The Superintendent of the Lorain City School District;
13. The Superintendent of the Clearview Local School District, who represents all Lorain County School Districts except for the Lorain City School District;
14. The regional representative of the Ohio Department of Youth Services;
15. The Chairperson of the Early Intervention Collaborative/ SERRC;
16. The representative of the Lorain County non-profit association;
17. The President of the Lorain County Community Action Agency (Head Start);
18. Three parent representatives.

The Council may invite 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.

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

B. Basis of Accounting

These financial statements follow the cash 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.

C. Administrative and Fiscal Agents

The Lorain County Board of County Commissioners serves as the Council's administrative agent. The Lorain County Auditor serves as fiscal agent.

D. Cash Balances

Cash balances are reported at those amounts provided by the Lorain County Auditor, who serves as fiscal agent.

Lorain County Children & Families Council
Lorain County
Notes to the Financial Statements
December 31, 2000 and 1999
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fund Accounting

The Council uses fund accounting to segregate cash 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.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds: Early Start, Wellness Program, Welcome Home Grant.

F. Fixed Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. 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 basis of accounting used by the Council.

2. EQUITY IN POOLED CASH

The Lorain County Auditor maintains a cash and investments pool used by all funds of Lorain County including the Council's funds. The Ohio Revised Code prescribes allowable deposits and investments. The bank balance and carrying amount of cash on deposit with the Lorain County Auditor at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Bank Balance	\$409,563	\$747,305
Carrying Value	\$322,732	\$709,268

The Lorain County Auditor, as fiscal agent, is responsible for maintaining adequate depository collateral for all funds in Lorain County's pooled and deposit accounts, including those of the Council.

Lorain County Children & Families Council
Lorain County
Notes to the Financial Statements
December 31, 2000 and 1999
(Continued)

3. LOANS

The Council receives interest free loans from Lorain County by resolution of the Lorain County Commissioners. Loan activity for the year ended 2000 is as follows:

Fund	Beginning Balance	Additions	Reductions	Ending Balance
General	\$44,113	\$0	\$0	\$44,113
Special Revenue				
Family Resource	8,152	0	0	8,152
PRC	0	150,000	0	<u>150,000</u>
Special Revenue				
Total				<u>158,152</u>
Council Total				<u>\$202,265</u>

Loan activity for the year ended 1999 is as follows:

Fund	Beginning Balance	Additions	Reductions	Ending Balance
General	\$1,113	\$63,000	\$20,000	\$44,113
Special Revenue				
Early Start	4,000	0	4,000	0
Wellness Program	215,000	0	215,000	0
Family Resource	20,000	28,308	* 40,156	<u>8,152</u>
Special Revenue				
Total				<u>8,152</u>
Council Total				<u>\$52,265</u>

* During 1999, the Board of County Commissioners forgave \$2,412 owed to Lorain County by the Council's Family Resource Special Revenue Fund.

4. RETIREMENT SYSTEM

Council employees belong to the Public Employees Retirement System of Ohio (PERS). PERS is a cost-sharing, multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides retirement, disability and death benefits to members. Benefit provisions are prescribed by the Ohio Revised Code. PERS issues a stand alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 2000 members contributed 8.5% of their gross salaries to fund pension obligations. The Council contributed an amount equal to 9.35% of members' gross salaries for 1999. For 2000, PERS instituted a temporary employer rate rollback for the state agency and local government employers. The 2000 employer pension contribution rate was 6.54%. The Council has paid all contributions required through December 31, 2000.

Lorain County Children & Families Council
Lorain County
Notes to the Financial Statements
December 31, 2000 and 1999
(Continued)

5. POST EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides post retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the PERS is considered an other postemployment benefit (OPEB). A portion of each employer's contribution to PERS is set aside for funding post retirement health care based on authority granted by the Ohio Revised Code. Of the 2000 employer contribution rate, 4.30% was the portion used to fund post retirement health care; for 1999 that amount was 4.20%.

6. SUBSEQUENT EVENTS

In 2001, the Council repaid Lorain County \$150,000 from its PRC Special Revenue Fund.



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

Lorain County Children & Families Council
Lorain County
42485 North Ridge Road
Elyria, Ohio 44035

To the Council:

We have audited the financial statements of the Lorain County Children & Families Council, Lorain 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 July 22, 2001. We conducted our audits 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 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 an immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated July 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. 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 July 22, 2001.

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

Jim Petro
Auditor of State

July 22, 2001



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LORAIN COUNTY CHILDREN AND FAMILIES COUNCIL

LORAIN 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 11, 2001**