



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council
Ottawa County
c/o Alcohol, Drug Addiction and Mental Health
Service Board of Erie and Ottawa Counties
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Ottawa County, Ohio, (the Council) as of and for the years ended December 31, 2000 and 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 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 audits 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 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 of the Family and Children First Council, Ottawa County, Ohio, as of December 31, 2000 and 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 June 6, 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. The 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

June 6, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA 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**

| | <u>Governmental Fund Types</u> | | Total (Memorandum Only) |
|---|------------------------------------|----------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash receipts: | | | |
| Intergovernmental | \$56,745 | \$256,234 | \$312,979 |
| Cash disbursements: | | | |
| Salaries/benefits | 43,702 | 65,000 | 108,702 |
| Travel expenses | 1,427 | 3,857 | 5,284 |
| Conference/training | 1,598 | 4,485 | 6,083 |
| Equipment/equipment rentals/office improvements | 9 | 3,434 | 3,443 |
| Office supplies/postage/ advertising | 1,260 | 3,499 | 4,759 |
| Contract expenses | 100 | 3,787 | 3,887 |
| Telephone expenses | | 4,378 | 4,378 |
| Miscellaneous/petty cash | | 95 | 95 |
| Consumer/agency services | 105 | 138,751 | 138,856 |
| Total cash disbursements | <u>48,201</u> | <u>227,286</u> | <u>275,487</u> |
| Total receipts over disbursements | 8,544 | 28,948 | 37,492 |
| Fund cash balances, January 1 | <u>3,666</u> | <u>(5,410)</u> | <u>(1,744)</u> |
| Fund cash balances, December 31 | <u>\$12,210</u> | <u>\$23,538</u> | <u>\$35,748</u> |

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

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA 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**

| | <u>Governmental Fund Types</u> | | <u>Total (Memorandum Only)</u> |
|---|------------------------------------|--------------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash receipts: | | | |
| Intergovernmental | \$38,330 | \$148,857 | \$187,187 |
| Cash disbursements: | | | |
| Salaries/benefits | 37,535 | 18,489 | 56,024 |
| Travel expenses | 1,468 | 1,073 | 2,541 |
| Conference/training | 2,783 | 1,320 | 4,103 |
| Equipment/equipment rentals/office improvements | 396 | 4,376 | 4,772 |
| Office supplies/postage/ advertising | 1,173 | 2,503 | 3,676 |
| Contract Services | 75 | 732 | 807 |
| Telephone expenses | 592 | 17,437 | 18,029 |
| Audit expenses | 2,008 | 1,339 | 3,347 |
| Miscellaneous/ petty cash | | 312 | 312 |
| Consumer/agency services | 5,534 | 147,869 | 153,403 |
| Total cash disbursements | <u>51,564</u> | <u>195,450</u> | <u>247,014</u> |
| Total disbursements over receipts | (13,234) | (46,593) | (59,827) |
| Fund cash balances, January 1 | <u>16,900</u> | <u>41,183</u> | <u>58,083</u> |
| Fund cash balances, December 31 | <u><u>\$3,666</u></u> | <u><u>(\$5,410)</u></u> | <u><u>(\$1,744)</u></u> |

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

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

1. DESCRIPTION OF THE ENTITY

Ohio Revised Code § 121.37 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"; and
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty per cent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA 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 council's statutory responsibilities include the following:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

1. General Fund

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. The primary source of revenue for Council operations consists of amounts contributed by the State of Ohio.

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 significant Special Revenue Funds:

Ohio Wellness Block Grant - This grant comes from the Ohio Department of Human Services to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

Ohio Early Start Expansion - This grant comes from the Ohio Department of Human Services to be used to pay costs associated with the delivery of early intervention services to children with or at risk for mental retardation and developmental disabilities.

Early Intervention Grant - This grant comes from the Ohio Department of Human Services to provide a comprehensive, coordinated, interagency, multidisciplinary system of services for infants and toddlers with developmental delays and disabilities and their families.

C. Fiscal Agent

The Alcohol, Drug Addiction and Mental Health Services Board of Erie and Ottawa Counties served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the Erie County Auditor.

D. Budgetary Process

The Ohio Revised Code and Audit of State Bulletin 98-007 require that each fund be budgeted annually.

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.

F. Unpaid Sick Leave

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

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

3. EQUITY IN POOLED CASH

The Erie County Treasurer maintains a cash pool used by all of the County's funds, including those of the 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, 1999 was (\$1,744), and at December 31, 2000 was \$35,748. The Erie County Treasurer, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Erie County's pooled and deposit accounts.

4. DEFINED BENEFIT PENSION PLANS

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 post-retirement 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Council has contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Council has paid all contributions required through December 31, 2000.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by the ADAMHS Board of Erie and Ottawa Counties.

6. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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 OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Family and Children First Council
Ottawa County
c/o Alcohol, Drug Addiction and Mental Health
Service Board of Erie and Ottawa Counties
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To the Council:

We have audited the financial statements of the Family and Children First Council, Ottawa County, Ohio, (the Council) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 6, 2001. We conducted our audits 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 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*.

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 certain matters involving the internal control structure and its operation that do not require inclusion in this report, that we have reported to the Council's management in a separate letter dated June 6, 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

June 6, 2001



STATE OF OHIO
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FAMILY AND CHILDREN FIRST COUNCIL

OTTAWA 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
JULY 3, 2001**