



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council  
Sandusky County  
500 West State Street, Suite A  
Fremont, Ohio 43420-2580

To the Members of Council:

We have audited the accompanying financial statements of the Sandusky County Family and Children First Council (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 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 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, Sandusky 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 20, 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 the audit committee, 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 20, 2001

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Intergovernmental		\$312,612	\$312,612
Local agency contributions	\$152,388		152,388
 Total cash receipts	<u>152,388</u>	<u>312,612</u>	<u>465,000</u>
<b>Cash disbursements:</b>			
Salaries/benefits	111,023		111,023
Contract services	2,786		2,786
Travel/training	6,492		6,492
Office supplies	8,007		8,007
Grant expenditures		324,619	324,619
Equipment	7,039		7,039
Miscellaneous	589		589
 Total cash disbursements	<u>135,936</u>	<u>324,619</u>	<u>460,555</u>
 Total receipts over/(under) disbursements	16,452	(12,007)	4,445
 Fund cash balances, January 1	<u>2,442</u>	<u>146,588</u>	<u>149,030</u>
 <b>Fund cash balances, December 31</b>	<u><b>\$18,894</b></u>	<u><b>\$134,581</b></u>	<u><b>\$153,475</b></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash receipts:</b>			
Intergovernmental	\$20,000	\$256,960	\$276,960
Local agency contributions	29,504		29,504
Training Fees	1,493		1,493
	<u>50,997</u>	<u>256,960</u>	<u>307,957</u>
Total cash receipts			
<b>Cash disbursements:</b>			
Salaries/benefits	63,449	212	63,661
Travel/training	4,871		4,871
Office supplies	2,683		2,683
Grant expenditures		142,336	142,336
Equipment	1,200		1,200
Miscellaneous	7,401	772	8,173
	<u>79,604</u>	<u>143,320</u>	<u>222,924</u>
Total cash disbursements			
Total receipts over/(under) disbursements	(28,607)	113,640	85,033
Fund cash balances, January 1	<u>31,049</u>	<u>32,948</u>	<u>63,997</u>
<b>Fund cash balances, December 31</b>	<b><u>\$2,442</u></b>	<b><u>\$146,588</u></b>	<b><u>\$149,030</u></b>

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



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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 § 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 per cent of the council's remaining membership.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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;
- 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

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

**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.

**1. 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.

**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 Fund:

*Wellness Block Grant Fund* - Revenue provided by the State agencies to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

**C. Administrative/Fiscal Agent**

The Sandusky County Jobs and Family Services served as administrative agent for the Council for fiscal year 1999.

In fiscal year 2000, the Sandusky County Education Service Center served as administrative agent for the Council. Council funds are maintained in separate agency funds by the Sandusky County Education Service Center, as fiscal agent.

**D. Cash and Investments**

In accordance with Ohio Revised Code, the Council's cash is held and invested by the Sandusky County Education Service Center Treasurer, who acts as custodian for Council monies. The Council's assets are held in the Center's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. The Council approved budget must be filed with the administrative agent with copies given to the County Commissioners and County Auditor. Audit of State Bulletin 98-007 requires Council to annually approve appropriation measures and subsequent amendments.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

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

**F. 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.

**G. 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.

**3. EQUITY IN POOLED CASH**

The Sandusky County Educational Service Center Treasurer maintains a cash pool used by all of the Center'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 Center at December 31, 2000 was \$153,475. The Sandusky County Educational Service Center Treasurer, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Center's pooled and deposit accounts.

The Sandusky County Auditor served as fiscal officer for the Council in fiscal year 1999. The Sandusky County Treasurer acted as custodian of Council funds. The Council's carrying amount of cash on deposit with the county at December 31, 1999 was \$149,030.

**4. DEFINED BENEFIT PENSION PLANS**

In 1999, 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 1999, members of PERS contributed 8.5 percent of their gross salaries. The Council contributed an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 1999.

In 2000, the Council's employees belong to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The Council has paid all contributions required through December 31, 2000.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**5. 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.

**6. LEGAL COMPLIANCE**

The Council did not file its annual budget with the county commissioners and county auditor as required by Ohio Revised Code § 121.37 (B)(4)(a).

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

Family and Children First Council  
Sandusky County  
500 West State Street, Suite A  
Fremont, Ohio 43420-2580

To the Members of Council:

We have audited the financial statements of the Sandusky County Family and Children First Council (the Council) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 20, 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 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 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 2000-60172-001.

### 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. 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 2000-60172-002, 2000-60172-003 and 2000-60172-004.

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.

Family and Children First Council  
Sandusky County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, and 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 20, 2001



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-60172-001**

**Noncompliance Citation**

Ohio Revised Code § 121.37 (B)(4)(a) states the council shall file an annual budget with its administrative agent, with copies filed with the county auditor and with the board of county commissioners. Council filed a budget with its administrative agent, but did not file copies with the county auditor or county commissioners. We recommend the council file copies of its budget with the required officials.

**FINDING NUMBER 2000-60172-002**

**Reportable Condition – Budget**

Council prepared a budget that contained only estimated revenues. This does not provide an estimated of expenses the Council expects to cover. A budget should include estimated revenues and the expenses expected to be incurred against those revenues. We recommend the Council provide their administrative agent with estimated revenues and expected expenses to be incurred against those revenues, such as salaries, benefits, supplies, contract services, travel, etc.

**FINDING NUMBER 2000-60172-003**

**Reportable Condition – Expenditures**

Expenditures were approved by the administrative agent. Expenditures incurred by the two employees were approved by the coordinator. All other expenditures, for the coordinator or for the agencies performing work for the council, contained no indication that they were authorized by Council. This could allow improper expenditures to be made and be undetected. We recommend Council or the Coordinator, if authorized, approve expenditures charged to the Council funds. If Council authorizes the Coordinator to approve expenditures, Council should periodically review the activity. Council should document their approval/review of expenditures in the minutes.

**FINDING NUMBER 2000-60172-004**

**Reportable Condition – Grant Expenditures:**

Expenditures for contract services were supported only by a letter from the agency requesting the payment. This could permit unallowable expenses to be paid without being detected. We recommend all requests for payment be supported by documents such as invoices, time sheets, etc. to substantiate the expenditure.





STATE OF OHIO  
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**FAMILY AND CHILDREN FIRST COUNCIL**

**SANDUSKY 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 17, 2001**