



**Auditor of State
Betty Montgomery**

**ASHTABULA FAMILY & CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ashtabula Family and Children First Council
Ashtabula County
2801 C Court
PO Box 756
Ashtabula, Ohio 44005-0756

To Members of the 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, 2002 and December 31, 2001. These financial statements are the responsibility of the District'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 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 provides 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 combined fund cash balances and reserves for encumbrances of the Ashtabula Family and Children First Council as of December 31, 2002 and December 31, 2001, 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 June 17, 2003 on our consideration of the District'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, the Council, Administrative Agent, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 17, 2003

**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, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Government Agencies	\$82,516		\$82,516
Intergovernmental	45,000	\$1,124,999	1,169,999
Total Cash Receipts	<u>127,516</u>	<u>1,124,999</u>	<u>1,252,515</u>
Cash Disbursements:			
Salaries and Benefits	64,319	93,362	157,681
Supplies	12,031	700	12,731
Contracts - Services	9,978	920,138	930,116
Travel and Training	4,301	2,167	6,468
Utilities and rentals	4,439	3,184	7,623
Other	877	874	1,751
Total Disbursements	<u>95,945</u>	<u>1,020,425</u>	<u>1,116,370</u>
Total Receipts Over/(Under) Disbursements	<u>31,571</u>	<u>104,574</u>	<u>136,145</u>
Fund Cash Balances, January 1	<u>57,603</u>	<u>169,198</u>	<u>226,801</u>
Fund Cash Balances, December 31	<u>\$89,174</u>	<u>\$273,772</u>	<u>\$362,946</u>
Reserves for Encumbrances, December 31	<u>\$4,582</u>	<u>\$103,063</u>	<u>\$107,645</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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Government Agencies	\$31,944		\$31,944
Intergovernmental	45,000	\$710,218	755,218
Total Cash Receipts	<u>76,944</u>	<u>710,218</u>	<u>787,162</u>
Cash Disbursements:			
Salaries and Benefits	45,135	26,901	72,036
Supplies	6,674		6,674
Contracts - Services		606,294	606,294
Travel and Training	4,762		4,762
Utilities and rentals	875		875
Other	4,844		4,844
Total Disbursements	<u>62,290</u>	<u>633,195</u>	<u>695,485</u>
Total Receipts Over/(Under) Disbursements	<u>14,654</u>	<u>77,023</u>	<u>91,677</u>
Fund Cash Balances, January 1	<u>42,949</u>	<u>92,175</u>	<u>135,124</u>
Fund Cash Balances, December 31	<u>\$57,603</u>	<u>\$169,198</u>	<u>\$226,801</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$56,488</u>	<u>\$56,488</u>

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

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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 job and family 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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.

The 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. DESCRIPTION OF THE ENTITY (Continued)

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.

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 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 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:

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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, Cluster Wraparound, Family Stability, Welcome Home and Ohio Early Start Grant.

C. Budgetary Process

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

The Council reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 4.

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:

<u>Fiscal Agent</u>	<u>Funding</u>
Ashtabula County Children Service Board	State Administration Grant Ohio Wellness Block Grant Ohio Children Trust Fund Family Stability Incentive Help Me Grow Grant Pooled Funds

Note: 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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, 2002, was \$362,946 and at December 31, 2001; \$226,801. The Ashtabula County Treasurer is responsible for maintaining adequate depository collateral for all funds in Ashtabula County's pooled and deposit accounts.

4. BUDGETARY ACTIVITY

The Council adopts budgets that are therefore a restriction on spending, but are not required to comply with budgetary regulations. Budgetary activity for the years ending 2002 and 2001 were as follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$145,000	\$127,516	(\$17,484)
Special Revenue	1,000,000	1,124,999	124,999
Total	<u>\$1,145,000</u>	<u>\$1,252,515</u>	<u>\$107,515</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,154	\$100,527	\$18,627
Special Revenue	1,112,879	1,123,488	(10,609)
Total	<u>\$1,232,033</u>	<u>\$1,224,015</u>	<u>\$8,018</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,123	\$76,944	(\$3,179)
Special Revenue	720,000	710,218	(9,782)
Total	<u>\$800,123</u>	<u>\$787,162</u>	<u>(\$12,961)</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. BUDGETARY ACTIVITY- (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,317	\$62,290	\$17,027
Special Revenue	645,683	689,683	(44,000)
Total	\$725,000	\$751,973	(\$26,973)

5. RETIREMENT SYSTEMS

The 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 Family First Council contributed an amount equal to 13.55% of participants gross salaries. The Family First Council has paid all contributions required through December 31, 2002.

6. RISK MANAGEMENT

The 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.



**Auditor of State
Betty Montgomery**

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

Ashtabula Family and Children First Council
Ashtabula County
2801 C Court
PO Box 756
Ashtabula, Ohio 44005-0756

To Members of the 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, 2002 and December 31, 2001, and have issued our report thereon dated June 17, 2003. We conducted our audit in accordance with auditing standards generally accepted by 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 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*. However, we noted one immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated June 17, 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. 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 17, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 17, 2003

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-61104-001	Administrative/Fiscal Agent Agreement	Yes	
2000-61104-002	Identification of Federal Financial Assistance	Yes	



**Auditor of State
Betty Montgomery**

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ASHTABULA 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
JULY 1, 2003**