



**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2001



**Auditor of State
Betty Montgomery**

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Lake County Family and Children First Council
Lake County
105 Main Street, 4th Floor
Painesville, Ohio 44077

To the Members of the Council:

We have audited the accompanying financial statements of the Lake County Family and Children First Council, Lake County, Ohio, (the Council) as of and for the years ended December 31, 2002 and December 31, 2001. 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 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 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 fund cash balances of the Lake County Family and Children First Council, Lake County, Ohio, as of December 31, 2002 and December 31, 2001, and its 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 May 28, 2003 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, members of 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 28, 2003

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LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
 LAKE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 THE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General
Cash Receipts:	
Intergovernmental	\$651,319
Total Cash Receipts	651,319
Cash Disbursements:	
Salaries-Employees	11,974
PERS	2,374
Medicare	172
Workers Compensation	272
Hospitalization and Dental	1,652
Life Insurance	19
Prescription	308
Contractual Services	596,556
Materials and Supplies	74
Travel Expenses	1,069
Postage	41
Capital Outlay	1,152
Administration Fees	58,005
Other Expenses	295
Total Cash Disbursements	673,963
Total Receipts Over/(Under) Disbursements	(22,644)
Fund Cash Balance, January 1, 2002	130,422
Fund Cash Balance, December 31, 2002	\$107,778

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

LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
 LAKE COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 THE GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001

	General
Cash Receipts:	
Intergovernmental	\$295,361
Total Cash Receipts	295,361
Cash Disbursements:	
Salaries-Employees	27,211
PERS	3,126
Medicare	391
Workers Compensation	103
Hospitalization	3,557
Life Insurance	43
State Remittances	10,630
Contractual Services	328,650
Materials and Supplies	532
Travel Expenses	2,173
Utilities	96
Postage	381
Examinations	1,796
Other Expenses	554
Total Cash Disbursements	379,243
Total Receipts Over/(Under) Disbursements	(83,882)
Fund Cash Balance, January 1, 2001	214,304
Fund Cash Balance, December 31, 2001	\$130,422

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

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 2001 THROUGH DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serve 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";
- n. The Director of the Lake County Employment and Training Administration;
- o. The Rehabilitation Supervisor of the Lake County Ohio Rehabilitation Services Commission;
- p. The Lake County Children's Committee Chairperson;

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 2001 THROUGH DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

- q. The Lake County Early Intervention Collaborative Coordinator;
- r. The Director of the Lake County United Way;
- s. At least one Individual Direct Service Provider;
- t. At least two Lake County agencies (Private not for profit);
- u. At least one business community representative; and
- v. 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.

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.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 2001 THROUGH DECEMBER 31, 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Council's cash is held and invested by the Lake County Auditor, who is the fiscal agent for Council monies. Council funds are maintained in a separate special revenue fund at the County.

D. 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.

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources. The Council had the following source of funding:

Intergovernmental Receipts - Funds received from the Administration Grant, Teen Pregnancy Grant and the Wellness Block Grant.

E. Property, Plant and Equipment

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

F. Contracted Services

For the period January 1, 2001 through December 31, 2002, the Council's program administrators were paid through contracted services. Invoices were submitted for hours worked and an IRS form 1099 was issued to them by the Lake County Auditor at year end.

**LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JANUARY 1, 2001 THROUGH DECEMBER 31, 2002
(Continued)**

2. RETIREMENT SYSTEMS

The Council's employee belongs 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 2002 and 2001, PERS members contributed 8.5% of their wages. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through December 31, 2002

3. EQUITY IN POOLED CASH

The Lake County Auditor maintains a cash pool used by all of the County's funds, including those of the 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 \$107,778 and \$130,422 at December 31, 2001. The Lake County Auditor, as the ultimate fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in Lake County's pooled and deposit accounts.



**Auditor of State
Betty Montgomery**

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

Lake County Family and Children First Council
Lake County
105 Main Street, 4th Floor
Painesville, Ohio 44077

To the Members of the Council:

We have audited the financial statements of the Lake County Family and Children First Council, Lake County, Ohio, (the Council) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated May 28, 2003. 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.

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. 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.

This report is intended solely for the information and use of the audit committee, management, and members of the 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

May 28, 2003



**Auditor of State
Betty Montgomery**

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LAKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

LAKE 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 12, 2003**