



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

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**STATE OF OHIO**



**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Family and Children First Council  
Lucas County  
One Government Center, Suite 580  
Toledo, Ohio 43604-2249

To the Council:

We have audited the accompanying financial statements of the Lucas County Family and Children First Council (the Council) as of and for the years ended December 31, 2001 and 2000. 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, Lucas County, Ohio, as of December 31, 2001 and 2000, 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 November 19, 2002 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.

Family and Children First Council  
Lucas County  
Report of Independent Accountants  
Page 2

This report is intended solely for the information and use of management, 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 black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

November 19, 2002

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Intergovernmental	\$59,312	\$1,947,425	\$2,006,737
Local agency contributions	847,569	263,007	1,110,576
Miscellaneous	1,068	440	1,508
	<u>907,949</u>	<u>2,210,872</u>	<u>3,118,821</u>
<b>Total cash receipts</b>			
	<u>907,949</u>	<u>2,210,872</u>	<u>3,118,821</u>
<b>Cash disbursements:</b>			
Contract services	689,722	1,666,578	2,356,300
Administrative	314,641		314,641
Consumer stipend	920		920
Audit fee	7,949		7,949
Miscellaneous	10,138		10,138
	<u>1,023,370</u>	<u>1,666,578</u>	<u>2,689,948</u>
<b>Total cash disbursements</b>			
	<u>1,023,370</u>	<u>1,666,578</u>	<u>2,689,948</u>
Total receipts (under) over disbursements	(115,421)	544,294	428,873
Fund cash balances, January 1	557,496	408,966	966,462
	<u>557,496</u>	<u>408,966</u>	<u>966,462</u>
<b>Fund cash balances, December 31</b>	<b><u>\$442,075</u></b>	<b><u>\$953,260</u></b>	<b><u>\$1,395,335</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS 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	\$84,225	\$620,192	\$704,417
Local agency contributions	740,527	522,741	1,263,268
Miscellaneous	33,175		33,175
	<u>857,927</u>	<u>1,142,933</u>	<u>2,000,860</u>
<b>Total cash receipts</b>			
	<u>857,927</u>	<u>1,142,933</u>	<u>2,000,860</u>
<b>Cash disbursements:</b>			
Contract services	482,777	987,850	1,470,627
Administrative	212,706		212,706
Consumer stipend	192		192
Audit fees	438		438
Miscellaneous	1,500		1,500
	<u>697,613</u>	<u>987,850</u>	<u>1,685,463</u>
<b>Total cash disbursements</b>			
	<u>697,613</u>	<u>987,850</u>	<u>1,685,463</u>
<b>Total receipts over disbursements</b>	160,314	155,083	315,397
<b>Fund cash balances, January 1</b>	<u>397,182</u>	<u>253,883</u>	<u>651,065</u>
<b>Fund cash balances, December 31</b>	<u><b>\$557,496</b></u>	<u><b>\$408,966</b></u>	<u><b>\$966,462</b></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**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";
- 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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

A county family and children first 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 Family and Children First Council, Lucas County, was established in April 1993 as one of the pilot sites of the Ohio Family and Children First Initiative. The Council is a collaborative effort focused on improving outcomes for the children and families of Lucas County. The mission of the Lucas County Family and Children First Council is "to support strong, nurturing and healthy families by creating and sustaining a collaborative, accessible and effective system of services."

**A. Steering Committee**

The Steering Committee membership includes all members of the Council mandated by Ohio Revised Code Section 121.37, the Chairperson of the Family/Consumer Advisory Team, two additional Council members appointed by the Council Chair and two additional Council members appointed by the Council membership. The Steering Committee's responsibility is to act on behalf of the Council to administer the operation of the Council, including, 1) the administration of all council funds, including local pooled funds, grants from government and any other sources; 2) identification of service gaps and developing strategies to fill those gaps; 3) establishment of impact committees to carry out the planning and service coordination activities of the Council and, the provision of Direction to committee chairs and the oversight of committee work; and any other activities assigned by the Council, such as the development and implementation of the Service Coordination Plan. The Steering Committee was abolished in 2002.

**B. Council**

Lucas County Family and Children First Council membership includes all members specified by Ohio Revised Code § 121.37, as well as additional at large members, including family representatives, advocates, community leaders, service providers and religious and union leaders. At large members serve a maximum of two successive three year terms. The Council acts in an advisory capacity to the Steering Committee and reviews Steering Committee activities on a quarterly basis. The Council promotes and facilitates collaboration among community resources regarding the provision of services to families and children. The Council reviews and approves the

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

plans and policies that will govern these collaborations and on a periodic basis reviews reports on the operations of such collaborations.

**C. Children's Cluster**

Through the Children's Cluster, the Family and Children First Council provides service coordination and fiscal management to ensure that children/youth, who have multi-system service needs, and their families receive essential services. Cluster representatives, at both the Executive Cluster and Services Team levels, reflect the Council Ohio Revised Code membership requirements. Five Cluster member systems, the Pooled Fund Group, pool funds dedicated to the funding of services for children/youth identified as eligible through the Cluster process.

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.

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.

***Governmental Funds:***

***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 Local Agency Contributions. These are local monies contributed by Lucas County agencies, including Children Services Board, Mental Health Board, Board of Mental Retardation and Developmental Disabilities, Juvenile Court, Alcohol and Drug Addiction Services Board, Toledo Public Schools, Department of Youth Services, Department of Human Services and the United Way of Greater Toledo. The amount provided by each agency is based on the Council's annual budget and the amount of funding needed to fulfill Council obligations.

***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:

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

*Wellness Program* - State grant to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

*Welcome Home Grant* - State grant used to pay costs associated with visits to mothers who just had babies by registered nurses.

*Early Start Project Grant* - State grant used to pay costs associated with the delivery of early intervention services to children with or at risk for mental retardation and developmental disabilities.

*Help Me Grow* - State grant used to pay costs associated with the services to pregnant women and children in the first three years of life.

**C. Fiscal Agent**

The Lucas County Board of Mental Retardation & Developmental Disabilities served as fiscal agent for the Council for the period January 1, 2000 to June 30, 2001. Council funds were maintained in a separate agency fund by the Lucas County Auditor. The Lucas County Board of Commissioners serves as fiscal agent for the Council starting July 1, 2001.

**D. 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.

**E. Council Staff**

The purpose of the Council is to identify and support the implementation of ways which the Child serving Systems can provide services in a coordinated and collaborative manner that results in the efficient and effective provisions of services for the community's families. Council membership includes all of the members specified in the Ohio Revised Code as well as additional at large members representing families, community leaders, family serving agencies and charitable and religious organizations. The funding members of the Council are the Children Services Board, Mental Health Board, Board of Mental Retardation and Developmental Disabilities, Juvenile Court, Alcohol and Drug Addition Services Board, Toledo Pubic Schools, Department of Youth Services, Department of Human Services and the United Way of Greater Toledo. The Council Director has been hired to administer all of the Council's programs and activities.

**3. EQUITY IN POOLED CASH**

The Lucas 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, 2001 was \$966,462, and at December 31, 2000 was \$1,395,336. The Lucas County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Lucas County's pooled and deposit accounts.

**4. RISK MANAGEMENT**

The Council is insured for general liability and casualty by the Lucas County Board of Commissioners.

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. 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  
Lucas County  
One Government Center, Suite 580  
Toledo, Ohio 43604-2249

To the members of Council:

We have audited the financial statements of Lucas County Family and Children First Council (the Council) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated November 19, 2002. We conducted our audit 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 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 a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated November 19, 2002.

**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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. A reportable condition is described in the accompanying schedule of findings as item 2001-60148-001.

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 the reportable condition described above is not a material weakness. We also 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 November 19, 2002.

This report is intended for the information and use of management 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, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

November 19, 2002

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-60148-001**

**Developing and Implementing an Effective Monitoring Control System**

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

Monitoring controls may be in the nature of ongoing activities or periodic separate evaluation by either management or an internal audit function. They can relate to a specific transaction cycle or can be in a more overview nature.

A detailed monthly listing of transactions was not provided to the Council for approval. Further, the Council has entered into contracts with various agencies; however, the Council has not instituted a formal review process to monitor the activity of these agencies.

Monitoring controls should assist management in making informed decisions on operational and fiscal matters for the Council, which can include:

- review of key performance indicators;
- review of revenues/expenditures with independently accumulated information (budgets, past performance, et cetera), as submitted by the Chief Finance Officer;
- monthly review and approval of Council expenditures, as disbursed by the Chief Financial Officer;
- monitoring that grant monies are used in accordance with grant requirements; and
- ensuring an adequate segregation of duties exist. Note: If the number of the employees does not allow a full segregation of duties, the Council may be able to assign responsibilities to achieve appropriate segregation, or can use management oversight as a compensating control.

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-60148-001	Lack of Council Monitoring	No	Not Corrected. Reissued as finding 2001-60148-001.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LUCAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**LUCAS 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  
DECEMBER 10, 2002**