



**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO  
AUDITOR OF STATE**

**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  
2001 Collingwood Boulevard  
Toledo, Ohio 43620-1698

To the Steering Committee:

We have audited the accompanying financial statements of the Family and Children First Council, Lucas County, (the Council) as of and for the years ended December 31, 1999 and 1998. 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, 1999 and 1998, 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 March 9, 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.

This report is intended solely for the information and use of the steering committee, 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.

**Jim Petro**  
Auditor of State

March 9, 2001

**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, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Intergovernmental	\$122,769	\$946,517	\$1,069,286
Local agency contributions	1,171,879		1,171,879
Miscellaneous	30,978		30,978
	<u>1,325,626</u>	<u>946,517</u>	<u>2,272,143</u>
Total cash receipts			
<b>Cash disbursements:</b>			
Contract services	860,846	938,156	1,799,002
Administrative	156,252		156,252
Consumer stipend	2,078		2,078
Audit fee	2,728		2,728
Miscellaneous	2,466		2,466
	<u>1,024,370</u>	<u>938,156</u>	<u>1,962,526</u>
Total cash disbursements			
Total receipts over disbursements	301,256	8,361	309,617
Fund cash balances, January 1	<u>95,926</u>	<u>245,522</u>	<u>341,448</u>
<b>Fund cash balances, December 31</b>	<b><u><u>\$397,182</u></u></b>	<b><u><u>\$253,883</u></u></b>	<b><u><u>\$651,065</u></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, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash receipts:</b>			
Intergovernmental	\$104,820	\$916,784	\$1,021,604
Local agency contributions	815,275		815,275
Miscellaneous	14,315		14,315
	<u>934,410</u>	<u>916,784</u>	<u>1,851,194</u>
Total cash receipts			
<b>Cash disbursements:</b>			
Contract services	872,916	903,798	1,776,714
Administrative	122,975		122,975
Consumer stipend	1,700		1,700
Audit fees	10,391		10,391
Miscellaneous	3,069	88	3,157
	<u>1,011,051</u>	<u>903,886</u>	<u>1,914,937</u>
Total cash disbursements			
Total receipts over/(under) disbursements	(76,641)	12,898	(63,743)
Fund cash balances, January 1	<u>172,567</u>	<u>232,624</u>	<u>405,191</u>
<b>Fund cash balances, December 31</b>	<b><u><u>\$95,926</u></u></b>	<b><u><u>\$245,522</u></u></b>	<b><u><u>\$341,448</u></u></b>

*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, 1999 AND 1998**

**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, 1999 AND 1998  
(Continued)**

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 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.

**B. Council**

Family and Children First Council, Lucas County, membership includes all members specified by Ohio Revised Code Section 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

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
(Continued)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

regarding the provision of services to families and children. The Council reviews and approves the 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
(Continued)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

***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:

*Ohio Wellness Block Grant* - 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.

**C. Fiscal Agent**

The Lucas County Board of Mental Retardation & Developmental Disabilities served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the Lucas County Auditor.

**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. Early Start Project**

The Council identified the Network, the County's early intervention collaborative, as the administrative agent for the Ohio Early Start Project. The Council relies on the network to perform all administrative and fiscal functions pertaining to this funding. The Lucas County Board of Mental Retardation and Developmental Disabilities serves as the fiscal agent for the Network and therefore serves as the fiscal agent for Early Start. The Network reports to the Council on the progress and activities of Early Start on a periodic basis and for inclusion in the Council's annual report.

**F. 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 Public 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY  
(Continued)  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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, 1999 was \$651,065, and at December 31, 1998 was \$341,448. 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 Mental Retardation & Developmental Disabilities.

**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  
2001 Collingwood Boulevard  
Toledo, Ohio 43620-1698

To the Steering Committee:

We have audited the financial statements of Lucas County Family and Children First Council, Lucas County, (the Council) as of and for the year ended December 31, 1999 and 1998, and have issued our report thereon dated March 9, 2001. 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 March 9, 2001.

### 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 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. A reportable condition is described in the accompanying schedule of findings as item 1999-60148-001.

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 material weaknesses. 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 March 9, 2001.

This report is intended for the information and use of the steering 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

March 9, 2001

**FAMILY AND CHILDREN FIRST COUNCIL  
LUCAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-60148-001**

**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 were not provided to the Steering Committee for approval. Further, the Council has entered into contracts with various agencies, however, the Steering Committee has not instituted a formal review process to monitor the activity of these agencies. The financial activity of the Early Start grant were commingled with funds of the Lucas County Board of Mental Retardation and Developmental Disabilities and were not recorded in the accounts and ledgers of the Council.

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.





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**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  
APRIL 17, 2001**