



**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Cuyahoga County Family and Children First Council
Cuyahoga County
112 Hamilton Avenue, Room 600
Cleveland, Ohio 44114

To the Council Members:

We have audited the accompanying financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2001 and December 31, 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 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 audits provide 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 of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, as of December 31, 2001 and December 31, 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 June 25, 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. 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 audits.

This report is intended solely for the information and use of management, the Council Members, 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".

Jim Petro
Auditor of State

June 25, 2002

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**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$20,000	\$1,623,262	\$1,643,262
Local Agency Contributions		1,828,167	1,828,167
Distributions from Other County Agencies	1,434,179		1,434,179
Miscellaneous	5,098	300	5,398
	<u>1,459,277</u>	<u>3,451,729</u>	<u>4,911,006</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries/Benefits	424,922	72,489	497,411
Travel/Expenses	5,859		5,859
Printing	4,820	27,779	32,599
Advertising		21,165	21,165
Office Supplies/Postage	8,103	37,201	45,304
Family Preservation		170,915	170,915
Data Processing	27,842		27,842
Contracted Services	335,088	4,367,772	4,702,860
Retraining	2,400		2,400
Distribution to Other Agencies		186,700	186,700
Other	39,081	26,960	66,041
	<u>848,115</u>	<u>4,910,981</u>	<u>5,759,096</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>611,162</u>	<u>(1,459,252)</u>	<u>(848,090)</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		1,463,588	1,463,588
Transfers-Out	<u>(1,463,588)</u>		<u>(1,463,588)</u>
	<u>(1,463,588)</u>	<u>1,463,588</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(852,426)	4,336	(848,090)
Fund Cash Balances, January 1, 2001	<u>1,444,368</u>	<u>5,651,424</u>	<u>7,095,792</u>
Fund Cash Balances, December 31, 2001	<u>\$591,942</u>	<u>\$5,655,760</u>	<u>\$6,247,702</u>

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$40,000	\$1,407,110	\$1,447,110
Local Agency Contributions		2,947,840	2,947,840
Distributions from Other County Agencies	2,048,578		2,048,578
Miscellaneous	1,269	7,194	8,463
	<u>2,089,847</u>	<u>4,362,144</u>	<u>6,451,991</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries/Benefits	327,652	69,952	397,604
Travel/Expenses	11,983	4,368	16,351
Printing	1,195	64,329	65,524
Advertising	1,237	1,063	2,300
Equipment	10,923		10,923
Office Supplies/Postage	8,351	400	8,751
Data Processing	1,866		1,866
Contracted Services	244,419	1,695,622	1,940,041
Distribution to other County Agencies	1,477,953	2,122,938	3,600,891
Other	30,748	57,449	88,197
	<u>2,116,327</u>	<u>4,016,121</u>	<u>6,132,448</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(26,480)</u>	<u>346,023</u>	<u>319,543</u>
Other Financing Receipts and (Disbursements):			
Transfers-In		215,677	215,677
Transfers-Out	(103,249)	(112,428)	(215,677)
	<u>(103,249)</u>	<u>103,249</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(129,729)	449,272	319,543
Fund Cash Balances, January 1, 2000	<u>1,574,097</u>	<u>5,202,152</u>	<u>6,776,249</u>
Fund Cash Balances, December 31, 2000	<u>\$1,444,368</u>	<u>\$5,651,424</u>	<u>\$7,095,792</u>

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

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

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 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, 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, 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.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursement 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.

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

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

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. The Council had the following sources of funding:

Intergovernmental Receipts - Funds received from the Administration Grant.

Local Agency Contributions - Funds received from the County Board of Commissioners.

Distributions from Other County Agencies - Funds received from Cuyahoga County.

2. Special Revenue Funds

The Special Revenue Funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. These funds record activity primarily related to the Wellness Block Grant, the Early Childhood Initiative Program Grant and the Family Stability Incentive Program Grant and the Early Start Program Grant.

Distributions to Other County Agencies - Funds passed-through the Council to various Cuyahoga County agencies.

C. Administrative Agent

The Cuyahoga County Board of Commissioners is the administrative agent for the Council.

D. Fiscal Agent

The Cuyahoga County Board of Commissioners serves as the fiscal agent for the Council's general and special revenue funds. The Cuyahoga County Auditor is the fiscal agent for the Cuyahoga County Board of Commissioners. The Council's fund is maintained in a separate special revenue fund at the County.

E. Grant Award

During the period January 1, 2000 through December 31, 2000, the Council was awarded a federal grant under the Family Preservation and Support Services Program (Family Stability Incentive Program Grant). This grant is presented as Intergovernmental Receipts on the Council's financial statements to reflect the pass-through of these monies.

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Contracted Services

From the general fund, employees of the Council are paid salaries which are processed by the Cuyahoga County payroll system. The funds used to pay the salaries are derived from the Administrative Grant and other monies received by the Council and maintained in a County general fund. The County issues an IRS form W-2 to the Council employees at year-end.

G. 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 statement.

3. EQUITY IN POOLED CASH

The Cuyahoga 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 Treasurer as of December 31, 2001 and December 31, 2000 was \$6,247,702 and \$7,095,792 respectively. Cuyahoga County, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

4. RETIREMENT SYSTEM

PERS

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 postretirement 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. PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Council has paid all contributions required through December 31, 2001.

5. CONTINGENCY

Per the grant agreement with the Ohio Department of Mental Health, all State and Federal Family Stability Incentive Funds received, were to be expended as of September 30, 1999. All remaining funds were to be remitted to the Ohio Department of Mental Health. As of December 31, 2001, \$1,061,784 was unexpended. The Council contends that it met the grant guidelines and is currently reviewing the grant information and working with the Ohio Department of Mental Health to resolve this issue.



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

Cuyahoga County Family and Children First
Cuyahoga County
112 Hamilton Avenue, Room 600
Cleveland, Ohio 44114

To the Board Members:

We have audited the accompanying financial statements of the Cuyahoga County Family and Children First Council, Cuyahoga County, Ohio, (the Council) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 25, 2002. 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* as finding number 2001-60818-001.

We also noted an immaterial instance of noncompliance that we have reported to the management of the Council in a separate letter dated June 25, 2002.

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. 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 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 25, 2002.

This report is intended solely for the information and use of management and the Council Members, 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, sweeping underline.

Jim Petro
Auditor of State

June 25, 2002

**CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CUYAHOGA COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-60818-001
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Period of Availability – Family Stability Incentive Funds

In accordance with the fiscal year 1999 grant agreement with the Ohio Department of Mental Health, all IV-B II and match funds received after July 1, 1998 must be liquidated by September 30, 1999. All remaining funds must be remitted to the Ohio Department of Mental Health, the grantor. As of December 31, 2001, the Council had an unliquidated balance of \$1,061,784 that has not been remitted to the grantor. The Council is currently reviewing the grant information and working with the Ohio Department of Mental Health to resolve this matter.

We recommend that the Council liquidate all funds or remit the remaining funds to the Ohio Department of Mental Health in accordance with the grant requirements.



STATE OF OHIO
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CUYAHOGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

CUYAHOGA 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 25, 2002**