



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Ottawa County
c/o Mental Health and Recovery Board of
Erie and Ottawa Counties
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To the Members of the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Ottawa County, (the Council) as of and for the years ended December 31, 2002 and 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 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 of the Council as of December 31, 2002 and 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 November 18, 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 management, 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 black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 18, 2003

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA 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 Agency Contributions	\$ 20,648	\$ -	\$ 20,648
Intergovernmental	56,447	311,115	367,562
Other Revenue	-	38,069	38,069
	<u>77,095</u>	<u>349,184</u>	<u>426,279</u>
Total Cash Receipts			
Cash Disbursements:			
Salaries and Benefits	59,777	96,690	156,467
Travel and Conference Expenses	1,057	5,889	6,946
Equipment Purchases and Rental	-	4,287	4,287
Office Supplies	675	3,053	3,728
Contract Services	75	128	203
Telephone Expenses	-	2,628	2,628
Miscellaneous	147	273	420
Consumer / Agency Services	3,025	257,448	260,473
	<u>64,756</u>	<u>370,396</u>	<u>435,152</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	12,339	(21,212)	(8,873)
Fund Cash Balances, January 1	<u>18,622</u>	<u>60,235</u>	<u>78,857</u>
Fund Cash Balances, December 31	<u>\$ 30,961</u>	<u>\$ 39,023</u>	<u>\$ 69,984</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Agency Contributions	\$ 13,807	\$ -	\$ 13,807
Intergovernmental	49,224	424,944	474,168
Other Revenue	2,578	17,422	20,000
	<u>65,609</u>	<u>442,366</u>	<u>507,975</u>
Total Cash Receipts			
	<u>65,609</u>	<u>442,366</u>	<u>507,975</u>
Cash Disbursements:			
Salaries and Benefits	50,225	88,424	138,649
Travel and Conference Expenses	3,039	6,647	9,686
Equipment Purchases and Rental	105	4,758	4,863
Office Supplies	395	2,031	2,426
Contract Services	100	1,079	1,179
Telephone Expenses	-	4,192	4,192
Audit Expense	2,126	-	2,126
Miscellaneous	207	-	207
Consumer / Agency Services	3,000	298,538	301,538
	<u>59,197</u>	<u>405,669</u>	<u>464,866</u>
Total Cash Disbursements			
	<u>59,197</u>	<u>405,669</u>	<u>464,866</u>
Total Receipts Over Disbursements	6,412	36,697	43,109
Fund Cash Balances, January 1	<u>12,210</u>	<u>23,538</u>	<u>35,748</u>
Fund Cash Balances, December 31	<u><u>\$ 18,622</u></u>	<u><u>\$ 60,235</u></u>	<u><u>\$ 78,857</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

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 § 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 § 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"; and
- 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
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

GENERAL FUND

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Ohio Wellness Block Grant - This grant comes from the Ohio Department of Human Services to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

Ohio Early Start Expansion - This grant comes from the Ohio Department of Human Services to be used to pay costs associated with the delivery of early intervention services to children with or at risk for mental retardation and developmental disabilities.

Early Intervention Grant - This grant comes from the Ohio Department of Human Services to provide a comprehensive, coordinated, interagency, multidisciplinary system of services for infants and toddlers with developmental delays and disabilities and their families.

C. Fiscal Agent

The Mental Health and Recovery Board of Erie and Ottawa Counties served as fiscal agent for the Council. Council funds are maintained in a separate agency fund by the Erie County Auditor.

D. Budgetary Process

The Ohio Revised Code and Audit of State Bulletin 98-007 require that each fund be budgeted annually.

E. 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.

F. Unpaid Sick Leave

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon leaving employment. Unpaid sick leave is not reflected as liabilities under the cash basis of accounting used by the Council.

3. EQUITY IN POOLED CASH

The Erie County Treasurer maintains a cash pool for all County funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of Council's cash on deposit with the Erie County Treasurer at

**FAMILY AND CHILDREN FIRST COUNCIL
OTTAWA COUNTY**

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

December 31, 2002 and December 31, 2001 was \$69,984 and \$78,857 respectively. The Erie County Treasurer, 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 SYSTEMS

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The 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. For 2002 and 2001, participants of OPERS contributed 8.5 percent of their wages. The Council contributed an amount equal to 13.55 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2002.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by Ottawa County.

6. 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.



**Auditor of State
Betty Montgomery**

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

Family and Children First Council
Ottawa County
c/o Mental Health and Recovery Board of
Erie and Ottawa Counties
416 Columbus Avenue
Sandusky, Ohio 44870-2753

To the Members of the Council:

We have audited the accompanying financial statements of Family and Children First Council, Ottawa County, (the Council) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 18, 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. 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 November 18, 2003.

This report is intended solely for the information and use of the management and 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

November 18, 2003



**Auditor of State
Betty Montgomery**

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OTTAWA FAMILY AND CHILDREN FIRST COUNCIL

OTTAWA 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 9, 2003**