



**Auditor of State  
Betty Montgomery**



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements .....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	11
Schedule of Prior Audit Findings .....	12

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Family and Children First Council  
Sandusky County  
2511 Countryside Drive  
Fremont, Ohio 43420-9016

To the Members of Council:

We have audited the accompanying financial statements of Family and Children First Council, Sandusky 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 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 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 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 Family and Children First Council, Sandusky County, 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.

As described in Note 5 to the accompanying financial statements, during fiscal year 2001, the Council had an accounting change in their fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 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.

Family and Children First Council  
Sandusky County  
Independent Accountants' Report  
Page 2

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

June 17, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Agency Contributions	\$53,051		\$53,051
Intergovernmental	20,000	\$369,058	389,058
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	73,051	369,058	442,109
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	34,161		34,161
Contract Services	1,335	45,667	47,002
Travel and Training	784		784
Office Supplies	912	216	1,128
Grant Expenditures		268,932	268,932
Miscellaneous	50,465	11,288	61,753
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	87,657	326,103	413,760
	<hr/>	<hr/>	<hr/>
Total Receipts Over (Under) Disbursements	(14,606)	42,955	28,349
Fund Cash Balances, January 1, restated	99,997	13,310	113,307
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$85,391</u></b>	<b><u>\$56,265</u></b>	<b><u>\$141,656</u></b>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY 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>			
Local Agency Contributions	\$46,672		\$46,672
Intergovernmental	32,613	\$445,064	477,677
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	79,285	445,064	524,349
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Salaries/Benefits	64,362	63,812	128,174
Contract Services	20,399	237,184	257,583
Travel and Training	5,805	5,226	11,031
Office Supplies	6,010	8,562	14,572
Grant Expenditures		143,840	143,840
Equipment	1,393	7,237	8,630
Miscellaneous	40	646	686
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	98,009	466,507	564,516
	<hr/>	<hr/>	<hr/>
Total Disbursements Over Receipts	(18,724)	(21,443)	(40,167)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	18,894	134,580	153,474
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$170</u></b>	<b><u>\$113,137</u></b>	<b><u>\$113,307</u></b>

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



**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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."
- 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. 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 Council classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 to be accounted for in another fund.

**2. 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:

*Wellness Block Grant Fund* – Revenue provided by the State agencies to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

*Help Me Grow Fund* – Revenue provided by the State agencies to be used for programs aimed at reducing Teen Pregnancy and Child Abuse.

**D. Administrative/Fiscal Agent**

The Sandusky County Educational Service Center served as administrative agent for the Council for fiscal year 2001.

In fiscal year 2002, the Sandusky County Board of Commissioners served as administrative agent for the Council. Council funds are maintained in separate funds by the Sandusky County Board of Commissioners, as fiscal agent.

**E. Cash and Investments**

In accordance with Ohio Revised Code, in 2002 the Council's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for Council monies. The Council's assets are held in the County's Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount. In 2001, the Council's cash was held and invested by the Sandusky County Educational Service Center, who acted as custodian for Council monies.

**F. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually. The Council approved budget must be filed with the administrative agent with copies given to the County Commissioners and County Auditor. Audit of State Bulletin 98-007 requires Council to annually approve appropriation measures and subsequent amendments.

**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 statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's basis of accounting.

**2. EQUITY IN POOLED CASH**

The Sandusky County Treasurer maintains a cash pool used by all of the Center'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, 2002 was \$141,656. The Sandusky County Treasurer, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Center's pooled and deposit accounts.

The Sandusky County Educational Service Center served as fiscal officer for the Council in fiscal year 2001. The Sandusky County Educational Service Center Treasurer acted as custodian of Council funds. The Council's carrying amount of cash on deposit with the county at December 31, 2001 was \$113,307.

**3. RETIREMENT SYSTEMS**

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

OPERS members contributed 8.5 percent of their gross salaries. 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.

**4. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. 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.

**5. ACCOUNTING CHANGE**

The Family and Stability fund and Wrap Around fund were accounted for as Special Revenue Funds. The Council had an accounting change in 2001. To better account for the activity of these funds, the Council is presenting a fund structure change of the above funds to properly reflect the beginning balances as January 1, 2002 as General Fund. The effect of the restatement is as follows:

	Balances as Previously Reported December 31, 2001	Adjustment	Restated Balance January 1, 2002
General Fund	\$170	\$99,827	\$99,997
Special Revenue Funds	113,137	(99,827)	13,310



**Auditor of State  
Betty Montgomery**

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

Family and Children First Council  
Sandusky County  
2511 Countryside Drive  
Fremont, Ohio 43420-9016

To the Members of Council:

We have audited the accompanying financial statements of Family and Children First Council, Sandusky County, (the Council) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 17, 2003. As described wherein we noted during fiscal year 2001, the Council had an accounting change in their fund structure. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be 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 2002-001.

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.

This report is intended for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 17, 2003

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2002-001**

**Reportable Condition - Expenditures**

Expenditures for contract services were supported only by a letter from the agency requesting the payment. This could permit unallowable expenses to be paid without being detected. We recommend all requests for payment be supported by documents such as invoices, time sheets, etc. to substantiate the expenditure. Another alternative would be to perform periodic reviews to the agencies under contract.

**FAMILY AND CHILDREN FIRST COUNCIL  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FISCAL YEAR END**

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>
2000-60172-001	Ohio Revised Code § 121.37(B)(14)(a) failure to file budget with the county auditor	Yes	Corrected.
2000-60172-002	Council failed to provide administrative agent with estimated revenues and expected expenses.	Yes	Corrected.
2000-60172-003	Council failed to approve/ review all expenditures in the minutes.	Yes	Corrected.
2000-60172-004	No sufficient support documentation for contract services	No	Not corrected. Repeated as finding number 2002-001.





**Auditor of State  
Betty Montgomery**

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**FAMILY AND CHILDREN FIRST COUNCIL**

**SANDUSKY 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 15, 2003**