



**Auditor of State
Betty Montgomery**

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

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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 (the Council) as of and for the year ended December 31, 2003. 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, 2003, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

As described in Note 2 to the financial statements, the Family and Children First Council added a fund which had been previously omitted.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2005, 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 grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and you should read it in conjunction with this report in assessing the results of our audit.

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Betty Montgomery
Auditor of State

June 30, 2005

**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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Agency Contributions	\$40,895		\$40,895
Intergovernmental	49,109	\$444,993	494,102
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	90,004	444,993	534,997
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries/Benefits	53,346		53,346
Contract Services	6,682	51,971	58,653
Travel and Training	2,301	687	2,988
Office Supplies	971		971
Grant Expenditures		363,422	363,422
Miscellaneous	11,063		11,063
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	74,363	416,080	490,443
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	15,641	28,913	44,554
Fund Cash Balances, January 1, restated	85,391	72,869	158,260
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$101,032</u>	<u>\$101,782</u>	<u>\$202,814</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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."

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

- 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 percent 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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

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:

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 through education of middle school and high school students.

Help Me Grow Fund – Revenue provided by the State agencies to be used for programs aimed at identifying at risk children ages zero to three. It provides assessments and services for children at risk with participation delays.

D. Administrative/Fiscal Agent

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, 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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

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.

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. RESTATEMENT OF FUND BALANCE

The Ohio Children's Trust Fund was previously recorded by Sandusky County. A reevaluation of this fund determined it would be more appropriate to report it as a Special Revenue Fund in the Family and Children First Council.

	Enterprise Fund
Fund Balance as previously reported at 6/30/02	<u>\$56,264</u>
Adjustment	<u>16,605</u>
Restated Fund Balance at 7/1/02	<u><u>\$72,869</u></u>

3. LEGAL COMPLIANCE

The Family and Children First Council did not file information returns with the Internal Revenue Service on amounts paid to contractors in excess of six hundred dollars.

4. EQUITY IN POOLED CASH

The Sandusky County Treasurer maintains a cash pool used by all of the Council'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, 2003 was \$202,814. The Sandusky County Treasurer, as fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all funds in the Council's pooled and deposit accounts.

5. 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, 2003.

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003
(Continued)**

6. 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.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
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 financial statements of the Family and Children First Council, Sandusky County, (the Council) as of and for the year ended December 31, 2003, and have issued our report thereon dated June 30, 2005 which noted the addition of a fund previously omitted. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting to determine our auditing procedures in order to express our opinion(s) on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Council's management dated June 30, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

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Family and Children First Council
Sandusky County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the audit committee, management, and the Council. It is not intended for anyone other than these specified parties.

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Betty Montgomery
Auditor of State

June 30, 2005

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003**

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

FINDING NUMBER 2003-001

Noncompliance Citation

26 CFR 1.6041-1 requires every person engaged in a trade or business to file an information return with the Internal Revenue Service on income paid to persons of fixed or determinable income in excess of six hundred dollars. This information can be filed using a Form 1099. This ensures individuals report income and pay appropriate taxes. Forty-two percent of contractors had not been issued 1099 forms. We recommend the Council implement procedures to ensure this requirement is met each year.

**FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	No sufficient support documentation for contract services	Yes	



**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
AUGUST 9, 2005**