



**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Family and Children First Council
Clermont County
549C West Main Street
Williamsburg, Ohio 45176

To the Council:

We have audited the accompanying financial statements of the Family and Children First Council, Clermont County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999. 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 described 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, Clermont County, as of December 31, 2000 and 1999, 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 July 16, 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. 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 audit committee, management, council members and other officials authorized to receive this report under Section 117.26, of the 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

July 16, 2001

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**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$193,667	\$804,894	\$998,561
Local Agency Contributions		33,618	33,618
	<u>193,667</u>	<u>838,512</u>	<u>1,032,179</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Personal Services	135,857	36,483	172,340
Utilities	19,533		19,533
Contractual Services	141,369	637,338	778,707
Materials and Supplies	4,856	9,816	14,672
Maintenance & Repair	2,156		2,156
Capital Outlay	870		870
Return of Unexpended Funds		56,973	56,973
	<u>304,641</u>	<u>740,610</u>	<u>1,045,251</u>
Total Cash Disbursements	304,641	740,610	1,045,251
Total Receipts Over/(Under) Disbursements	(110,974)	97,902	(13,072)
Fund Cash Balances, January 1	<u>164,339</u>	<u>26,043</u>	<u>190,382</u>
Fund Cash Balances, December 31	<u>\$53,365</u>	<u>\$123,945</u>	<u>\$177,310</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$348,773	\$385,651	\$734,424
Local Agency Contributions		33,000	33,000
	<u>348,773</u>	<u>418,651</u>	<u>767,424</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Personal Services	50,446	11,072	61,518
Utilities	6,587	1,432	8,019
Contractual Services	61,031	398,411	459,442
Materials and Supplies	239	15,783	16,022
Maintenance & Repair	1,116	146	1,262
Capital Outlay		845	845
Return of Unexpended Funds		254,780	254,780
	<u>119,419</u>	<u>682,469</u>	<u>801,888</u>
Total Cash Disbursements	<u>119,419</u>	<u>682,469</u>	<u>801,888</u>
Total Receipts Over/(Under) Disbursements	<u>229,354</u>	<u>(263,818)</u>	<u>(34,464)</u>
Fund Cash Balances, January 1	<u>(65,015)</u>	<u>289,861</u>	<u>224,846</u>
Fund Cash Balances, December 31	<u>\$164,339</u>	<u>\$26,043</u>	<u>\$190,382</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, of the Ohio Revised Code, created the Ohio Family and Children First Cabinet Council permitting counties to establish county family and children first councils. Statutory membership of the council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty per cent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the county ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of human services.
- f. The executive director of the county children's services board.
- g. The superintendent for the county board of MRDD.
- h. The administrative or the judge senior in service or his designee for the county's juvenile court.
- i. The superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the county.
- j. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- k. A representative of the municipal corporation with the largest population in the county.
- l. The chair of the board of county commissioners or a designee.
- m. A representative from the regional office of the Ohio Department of Youth Services.
- n. A representative of the county's head start agencies.
- o. A representative of the county's early intervention collaborative.
- p. A representative of the local nonprofit entity that funds, advocates or provide services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. 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 county wide, 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.

B. Cabinet

The Ohio Family and Children First Initiative of Clermont County was established in 1993. This organization served as a county council; however, it lacked council membership as required by Ohio Revised Code, Section 121.37. In July of 1996, the Clermont County Children's Cabinet added the necessary membership to become a county council. Although legally a county council, the Council continues to refer to themselves as "the Cabinet".

C. Finance Committee

The Council's Finance Committee consists of the Clermont County Office of Management and Budget appointed by the Steering Committee. The Committee approves bills for payments and reviews monthly financial reports submitted by the fiscal manager.

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

This financial statement follows 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.

E. Fund Accounting

The Clermont County Board of Commissioners, as fiscal agent, 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 of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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:

Family Stability Incentive Fund - This fund is used to account for receipts and expenditures to decrease out-of-home placements of children.

Wilson Boys Fund - This fund is used to account for receipts and expenditures relating to the care of two boys in Clermont County.

Wellness Block Grant Fund - This fund is used to account for receipts and expenditures of programs to reduce the rate of births to teen and programs to prevent child abuse and neglect.

F. Fiscal Agent

The Council designated the Clermont County Board of Commissioners as the fiscal and administrative agent for all funds received in the name of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Budgetary Process

The Ohio Revised Code requires the Council to submit a budget annually to the Board of County Commissioners, which is its administrative agent, and the County Auditor. The Council adopted a budget at the object level. The Council follows the same encumbrance method of accounting as its administrative agent.

H. 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.

2. Equity in Pooled Cash

The Council's cash and investments are maintained by the County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the County is responsible for compliance. As of December 31, 2000 and December 31, 1999, the Council's share of the County's Cash and Investments pool was \$177,310 and \$190,382 respectively. Any risk associated with such deposits is the responsibility of Clermont County.

3. Defined Benefit Pension Plans

The Council's 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. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Council has paid all contributions required through December 31, 2000.

4. 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 that might be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Family and Children First Council
Clermont County
549C West Main Street
Williamsburg, Ohio 45176

To the Council:

We have audited the financial statements of the Family and Children First Council, Clermont County, Ohio (the Council), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 16, 2001. 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Council in a separate letter dated July 16, 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 a matter involving the internal control over financial reporting and its operation that we consider to be a 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 2000-60413-001.

Family and Children First Council
Clermont County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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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. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Council in a separate letter dated July 16, 2001.

This report is intended for the information and use of the audit committee, management, and council members and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

July 16, 2001

**FAMILY AND CHILDREN FIRST COUNCIL
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-60413-001

Reportable Condition - Accounting System

The Council has named the Clermont County Board of Commissioners as its fiscal and administrative agent. The Council's General (unrestricted) and Special Revenue (restricted) funds are commingled in one fund on the county's accounting system. The accounting system's function and object codes did not facilitate the tracing of expenditures to the Council's Annual Financial Report. The present accounting system does not identify which expenditures relate to each fund. This results in a cumbersome reconstruction of the Council's financial activity for financial reporting. However, we were able to perform additional procedures to verify the classification of expenditures at the fund level. This lack of detailed accounting records could adversely affect management's decisions and could lead to inaccurate financial reporting.

To aid in the accurate classification of expenditures in the Council's Annual Financial Report, we recommend the fiscal agent maintain records to clearly present the Council's financial activity. The records should be sufficiently detailed to identify each of the Council's restricted and unrestricted fund's expenditures by line item. Furthermore, the Council should assist the fiscal agent in classifying expenditures to aid in proper financial reporting. We also recommend the Council reconcile its records with the financial information the fiscal agent provides them.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

FAMILY AND CHILDREN FIRST COUNCIL

CLERMONT 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 7, 2001**