



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Appalachian Family and Children First Council
Lawrence County
604 Carlton Davidson Lane
Coal Grove, Ohio 45638

To the Family and Children First Council:

We have audited the accompanying financial statements of the Appalachian Family and Children First Council, Lawrence County, Ohio (the Council), as of and for the year ended June 30, 2002 and for the period of January 1, 2001 through June 30, 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 cash balance of the Appalachian Family and Children First Council, Lawrence County, as of June 30, 2002 and 2001, and its cash receipts and disbursements for the year ended June 30, 2002 and for the period January 1, 2001 through June 30, 2001 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 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 audit.

This report is intended solely for the information and use of the audit committee, management, the Family and Children First 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.

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Jim Petro
Auditor of State

November 12, 2002

**APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEAR ENDED JUNE 30, 2002**

Cash Receipts:	
Intergovernmental	\$ 266,044
	<hr/>
Total Cash Receipts	266,044
	<hr/>
Cash Disbursements:	
Salaries and Benefits	104,675
Supplies	9,200
Travel	10,902
Worker's Compensation	195
Contract Services	125,689
Other	4,723
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Total Cash Disbursements	255,384
	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	10,660
	<hr/>
Cash Balance, July 1	61,173
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Cash Balance, June 30	\$ 71,833
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The notes to the financial statements are an integral part of this statement.

**APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE PERIOD OF JANUARY 1, 2001 THROUGH JUNE 30, 2001**

Cash Receipts:	
Intergovernmental	\$ 155,934
	<hr/>
Total Cash Receipts	155,934
	<hr/>
Cash Disbursements:	
Salaries and Benefits	15,346
Supplies	1,134
Travel	500
Worker's Compensation	75
Contract Services	183,517
Other	163
	<hr/>
Total Cash Disbursements	200,735
	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(44,801)
	<hr/>
Cash Balance, January 1 (Restated - see Note 2)	105,974
	<hr/>
Cash Balance, June 30	\$ 61,173
	<hr/> <hr/>

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

**APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002 AND
THE PERIOD OF JANUARY 1, 2001 THROUGH JUNE 30, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 127.37, 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 Alcohol, Drug Addiction and Mental Health Services Board. For counties served by a joint Alcohol, Drug Addiction and Mental Health 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 Board of Health District in the County. If there are more than two health district, 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 Mental Retardation and Developmental Disabilities.
- 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 in 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 provides services to children and families.

**APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002 AND
THE PERIOD OF JANUARY 1, 2001 THROUGH JUNE 30, 2001
(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 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. Maintain an accountability system to monitor the Council's progress in achieving its purpose;
- e. Establish a mechanism to ensure ongoing input from a broad representative of families who are receiving services within the County system;
- f. 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".

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.

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

C. Administrative and Fiscal Agents

Effective July 1, 2001, the Lawrence County Board of Mental Retardation and Developmental Disabilities was designated as the new administrative agent with Lawrence County serving as the fiscal agent for all funds received in the name of the Council. Prior to this time, the Council had designated the Lawrence County Educational Service Center as the fiscal and administrative agent.

**APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002 AND
THE PERIOD OF JANUARY 1, 2001 THROUGH JUNE 30, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Change in Fiscal Year End

The Council changed their fiscal year end from December 31 to June 30.

E. Equity in Pooled Cash

The Council's cash is maintained by Lawrence County, its statutory fiscal agent. The Ohio Revised Code prescribes allowable deposits, and Lawrence County is responsible for compliance. As of June 30, 2002 and 2001, the Council's share of Lawrence County's cash pool was as follows:

	2002	2001
Demand deposits	\$ 71,833	\$ 61,173
Total deposits	\$ 71,833	\$ 61,173

F. Budgetary Process

The Council files an annual estimate of expenditures with the Lawrence County Board of Mental Retardation and Developmental Disabilities and Lawrence County as required by state law. This estimate is adopted by Council. The Lawrence County Auditor inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations. For June 30, 2002, the total appropriations were \$605,106 and the actual expenditures were \$255,384. For June 30, 2001, total appropriations were \$135,833 and actual expenditures were \$200,735. Actual expenditures did not exceed appropriations in 2002; however, actual expenditures exceed appropriations in 2001 due to the adjustments of the Welcome Home Grant and Wellness Block Grants I and II.

2. RESTATEMENT OF BEGINNING BALANCE

The January 1, 2001 balance was restated, due to prior period adjustments, from \$116,205 to \$105,974, a decrease of \$10,231.

3. RETIREMENT SYSTEM

The Council's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor 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, PERS members contributed 8.5% of their gross salaries. The Council contributed an amount equal to 13.55% of participants' gross salaries. The Council has paid all contributions required through June 30, 2002.

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

Appalachian Family and Children First Council
Lawrence County
604 Carlton Davidson Lane
Coal Grove, Ohio 45638

To the Family and Children First Council:

We have audited the accompanying financial statements of the Appalachian Family and Children First Council, Lawrence County, Ohio (the Council), as of and for the year ended June 30, 2002 and for the period of January 1, 2001 through June 30, 2001, and have issued our report thereon dated November 12, 2002. 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.

Appalachian Family and Children First Council
Lawrence County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management and the Family and Children First 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

November 12, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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APPALACHIAN FAMILY AND CHILDREN FIRST COUNCIL

LAWRENCE 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 3, 2002**