



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Preble County Family and Children First Council
Preble County
119 South Barron Street
Eaton, Ohio 45320

To the Executive Council:

We have audited the accompanying financial statements of the Preble County Family and Children First Council, Preble County, Ohio (the Council), as of and for the years ended June 30, 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 and reserves for encumbrances of the Council as of June 30, 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 September 25, 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 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 25, 2002

**PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General	Special Revenue	Totals (Memorandum Only)
Cash receipts:			
Intergovernmental	\$21,000	\$198,963	\$219,963
Interest	1,742		1,742
Charges for Services	4,254		4,254
Miscellaneous	9,200		9,200
Total Cash Receipts	36,196	198,963	235,159
Cash disbursements:			
Current:			
Contract Services	23,748	201,736	225,484
Supplies and Materials	368	5,971	6,339
Miscellaneous		2,159	2,159
Capital Outlay		207	207
Total Cash Disbursements	24,116	210,073	234,189
Total Receipts Over/(Under) Disbursements	12,080	(11,110)	970
Other financing receipts/(disbursements)			
Advances-in	8,560	1,000	9,560
Advances-out	(1,000)	(8,560)	(9,560)
Total other financing receipts/(disbursements)	7,560	(7,560)	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	19,640	(18,670)	970
Fund Cash Balances, July 1, 2001	41,228	71,702	112,930
Fund Cash Balances, June 30, 2002	\$60,868	\$53,032	\$113,900

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

**PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General	Special Revenue	Totals (Memorandum Only)
Cash receipts:			
Intergovernmental	\$34,961	\$181,340	\$216,301
Interest	2,483		2,483
Charges for Services	15,000		15,000
Miscellaneous	9,000		9,000
Total Cash Receipts	61,444	181,340	242,784
Cash disbursements:			
Current:			
Contract Services	54,752	173,599	228,351
Supplies and Materials	927	44,088	45,015
Miscellaneous	2,978	1,035	4,013
Capital Outlay	7,285	7,285	7,285
Total Cash Disbursements	58,657	226,007	284,664
Total Receipts Over/(Under) Disbursements	2,787	(44,667)	(41,880)
Other financing receipts/(disbursements)			
Advances-in	10,000	17,560	27,560
Advances-out	(17,560)	(10,000)	(27,560)
Total other financing receipts/(disbursements)	(7,560)	7,560	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(4,773)	(37,107)	(41,880)
Fund Cash Balances, July 1, 2000-Restated (Note 4)	46,001	108,809	154,810
Fund Cash Balances, June 30, 2001	\$41,228	\$71,702	\$112,930
Reserves for encumbrances, June 30, 2001	\$8,227	\$45,846	\$54,073

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

**PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Section 121.37, Revised Code, 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 section 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 section 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.

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.

**PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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;
- 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. Organizational Date

The Preble County Family and Children First Council was organized with the statutory membership on October 3, 1995.

C. 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. 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.

D. 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. The Council classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 by law or contract to be restricted.

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:

Help Me Grow

State grant to provide services for expectant parents, newborns and their families, and infants and toddlers at risk for or with developmental delays and disabilities and their families.

Wellness Block Grant Pregnancy Prevention

State grant to be used for programs aimed at teen pregnancy prevention.

Wellness Block Grant Child Abuse

State grant to be used for programs aimed at reducing child abuse and neglect.

Family Stability Incentive Fund

State and Federal grant to provide services for in-home placement arrangements – family sustainability funds.

E. Fiscal Agent

The Council designated the Preble County Educational Service Center as their fiscal agent for all funds received in the name of the Council.

F. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually. The Council must file the budget with the County Auditor and the Board of County Commissioners.

A summary of 2002 and 2001 budgetary activity is documented in Note 3.

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 statement.

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

The Ohio Revised Code prescribes allowable deposits and investments. The Council's bank deposits are intermingled with its fiscal agent's deposits. The Preble County Educational Service Center, as the ultimate fiscal agent for the Council, is responsible for maintaining adequate depository collateral for all Council funds on deposit. The Preble County Educational Service Center is responsible for maintaining collateral for those funds they held on June 30, 2001 and June 30, 2002.

On June 28, 2002, \$91,415 in Council funds were transferred to Preble County since effective July 1, 2002 the Council had designated the Preble County Health Department as their new administrative agent. The remaining funds were held by the Preble County Educational Service Center to administer, per a grant funding requirement.

The Preble County Treasurer maintains a cash and investment pool for all the funds of the County including those of the Health Department and Family and Children First Council. The Preble County Treasurer as fiscal agent is responsible for maintaining adequate depository collateral for all funds in the Preble County's pooled cash and investment accounts. The Preble County Treasurer is responsible for maintaining collateral for those funds they held on June 30, 2002.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending June 30, 2002 and 2001 was as follows

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,509	\$44,756	(\$9,753)
Special Revenue	294,782	199,963	(94,819)
Total	\$349,291	\$244,719	(\$104,572)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,984	\$25,116	\$59,868
Special Revenue	271,664	218,633	53,031
Total	\$356,648	\$243,749	\$112,899

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,000	\$71,444	\$12,444
Special Revenue	222,179	198,900	(23,279)
Total	\$281,179	\$270,344	(\$10,835)

**FAMILY AND CHILDREN FIRST COUNCIL
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,230	\$84,444	\$18,786
Special Revenue	307,708	281,853	25,855
Total	\$410,938	\$366,297	\$44,641

4. RESTATEMENT OF FUND BALANCES

A restatement of cash was due to an incorrect fund balance. A fund balance which belonged to the Family and Children First Council's fiscal agent was incorrectly included in the Family and Children First Council's balances. The effect of this change on the July 1, 2000 fund balances is as follows:

	General	Special Revenue	Total
Fund Balance at June 30, 2000 – as previously reported	\$46,001	\$112,276	\$158,277
Restatement	0	(3,467)	(3,467)
Restated Fund Balance at July 1, 2000	\$46,001	\$108,809	\$154,810

5. RISK MANAGEMENT

The Council is insured for general liability, equipment insurance, and automobile liability coverage by Nationwide Insurance Agency, Inc.

6. SUBSEQUENT EVENTS

On July 1, 2002, the Preble County Educational Service Center relinquished its title as fiscal agent for the Council. The Preble County Health District became the new designated administrative agent with Preble County as the new designated fiscal agent on this date. On June 28, 2002, the Preble County Educational Service Center wrote checks to the Health District to transfer the Council's funds. The Preble County Educational Service Center did not transfer all the funds to the Health District because of funding requirements of the "Help Me Grow Grant, Part C". The funding requirements of this grant require the Educational Service Center to serve as the fiscal agent of this grant until September 30, 2002. Hence, until that date the activity for this grant must run through the Educational Service Center. In order to address this matter, the Educational Service Center and the Health District entered into a service contract in which the Health District agreed to serve as Fiscal/Administrative Agent for services provided in regards to this grant from July 1, 2002 through September 30, 2002.

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

Preble County Family and Children First Council
Preble County
119 South Barron Street
Eaton, Ohio 45320

To the Executive Council:

We have audited the accompanying financial statements of the Preble County Family and Children First Council, Preble County, Ohio (the Council), as of and for the years ended June 30, 2002 and 2001, and have issued our report thereon dated September 25, 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. 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 September 25, 2002.

Preble County Family and Children First Council
Preble County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 25, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PREBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PREBLE 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
OCTOBER 10, 2002**