



**CLERMONT COUNTY FAMILY AND  
CHILDREN FIRST COUNCIL  
CLERMONT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1998 - 1997**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Family and Children First 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, 1998, and 1997. 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 generally accepted auditing standards and the standards applicable to financial audit 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 presents fairly, in all material respects, the combined fund cash balances of the Council as of December 31, 1998, and 1997, and its combined cash receipts and disbursements for the years then ended on the basis accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2000, 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.

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, 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

April 11, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental	208,728	645,959	854,687
Local Agency Contributions	0	35,280	35,280
	<u>208,728</u>	<u>681,239</u>	<u>889,967</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Personal Services	141,808	22,413	164,221
Utilities	15,744	3,296	19,040
Contractual Services	134,223	455,167	589,390
Supplies and Materials	4,024	2,175	6,199
Capital Outlay	1,820	4,837	6,657
Return of Unexpended Funds	0	40,333	40,333
	<u>297,619</u>	<u>528,221</u>	<u>825,840</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(88,891)</u>	<u>153,018</u>	<u>64,127</u>
Fund Cash Balances, January 1	<u>23,876</u>	<u>136,843</u>	<u>160,719</u>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$65,015)</u></b>	<b><u>\$289,861</u></b>	<b><u>\$224,846</u></b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental	285,399	546,955	832,354
Local Agency Contributions	0	33,600	33,600
	<u>285,399</u>	<u>580,555</u>	<u>865,954</u>
<b>Cash Disbursements:</b>			
Personal Services	143,214	14,042	157,256
Utilities	15,071	3,076	18,147
Contractual Services	133,602	445,083	578,685
Supplies and Materials	6,167	4,158	10,325
Capital Outlay	1,584	336	1,920
	<u>299,638</u>	<u>466,695</u>	<u>766,333</u>
Total Receipts Over/(Under) Disbursements	<u>(14,239)</u>	<u>113,860</u>	<u>99,621</u>
Fund Cash Balances, January 1	<u>38,115</u>	<u>22,983</u>	<u>61,098</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$23,876</u></u></b>	<b><u><u>\$136,843</u></u></b>	<b><u><u>\$160,719</u></u></b>

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



**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Rev. Code, Section 121.37, 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 percent 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.

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.

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(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 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 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.

**D. 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.

**E. Fund Accounting**

The Council uses fund accounting to segregate cash and investments that are restricted as to use. The Council classifies its funds into the following types:

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 1998 AND 1997**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**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:

*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.

**G. 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, 1998 and December 31, 1997, the Council's share of the County's Cash and Investments pool was \$224,846 and \$160,719 respectively. Any risk associated with such deposits is the responsibility of Clermont County.

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

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

To the Family and Children First 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, 1998, and 1997, and have issued our report thereon dated April 11, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 a certain immaterial instance of noncompliance that we have reported to management of the Council in a separate letter dated April 11, 2000.

### 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 judgement, could adversely affect the Council's ability to record, process, summarize, and report financial data consistent with the assertions with management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1998-60413-001.

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 over financial reporting that might be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that, that we have reported to management of the Council in a separate letter dated April 11, 2000.

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

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

April 11, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1998 AND 1997**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1998-60413-001**

**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 receipts and expenditures to the Council's Annual Financial Report. Numerous mispostings and reclassifications were evident in the accounting system. The present accounting system does not identify which receipts and 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 receipts and expenditures at the fund level. This lack of detailed accounting records could adversely affect management's decisions and could lead to inaccurate financial reporting. As a result, the General Fund had a negative balance of \$65,015 as of December 31, 1998.

To aid in the accurate classification of receipts and disbursements 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 revenue and related expenditures by line item. Furthermore, the Council should assist the fiscal agent in classifying receipts and expenditures to aid in proper financial reporting. We also recommend the Council reconcile its records with the financial information the fiscal agent provides them.







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**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  
MAY 2, 2000**