

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

Financial Statements
(Audited)

For The Fiscal Year Ended
June 30, 2010

CYNTHIA LENGYEL, TREASURER



Dave Yost • Auditor of State

Members of the Executive Committee
Mahoning County Family and Children First Council
100 DeBartolo Place, Suite 220
Youngstown, Ohio 44512

We have reviewed the *Independent Auditor's Report* of the Mahoning County Family and Children First Council, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mahoning County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

March 1, 2011

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**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

To the Members of the Executive Committee:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Mahoning County Family and Children First Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mahoning County Family and Children First Council's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. These standards require that we plan and perform the audit to reasonably assure 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 the 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 opinions.

As discussed in Note 1, the Mahoning County Family and Children First Council prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio, as of June 30, 2010, and the respective changes in its cash basis financial position thereof for the fiscal year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2010 on our consideration of the Mahoning County Family and Children First 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Mahoning County Family and Children First Council
Mahoning County
Page Two

The management's discussion and analysis on pages 3 - 9 is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

For the budgetary comparison information on pages 20 - 22, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Mahoning County Family and Children First Council's basic financial statements. The schedule of receipts and expenditures of federal awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 15, 2010

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The management's discussion and analysis of the Mahoning County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2010, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for 2010 are as follows:

- The total net cash assets of the governmental activities increased \$242,120, which represents a 75.84% increase from fiscal year 2009.
- General cash receipts accounted for \$118,896 or 6.42% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,732,389 or 93.58% of total governmental activities cash receipts.
- The Council had \$1,609,165 in cash disbursements related to governmental activities; these cash disbursements were offset by program specific grants or contributions and general receipts of \$1,851,285. Program revenues and general cash receipts were adequate to provide for these programs.
- The Council's major funds are the general fund and help me grow fund. The general fund had cash receipts of \$135,863 in 2010. The cash disbursements of the general fund totaled \$169,035 in 2010. The general fund's cash balance decreased \$33,172 from 2009 to 2010.

Using the Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Council's cash basis of accounting.

The statement of net assets - cash basis and statement of activities - cash basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, there are two major governmental funds, the general fund and the help me grow fund.

Reporting the Council as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets – cash basis and the statement of activities – cash basis answer the question, how did we do financially during 2010? These statements include *only net assets* using the *cash basis of accounting*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

These two statements report the Council's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets – cash basis and the statement of activities – cash basis, the governmental activities includes the Council's programs and services including instruction, support services and other non-instructional services.

The statement of net assets – cash basis and the statement of activities – cash basis can be found on pages 10-11 of this report.

Reporting the Council's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the general fund and help me grow fund. The analysis of the Council's major governmental funds begins on page 8.

Governmental Funds

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 12-13 of this report.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-19 of this report.

Government-Wide Financial Analysis

Recall that the statement of net assets – cash basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash assets for 2010 and 2009.

| | Net Cash Assets | |
|--|---|---|
| | Governmental Activities <u>2010</u> | Governmental Activities <u>2009</u> |
| <u>Assets</u> | | |
| Equity in pooled cash and cash equivalents | \$ 561,389 | \$ 319,269 |
| Total assets | <u>561,389</u> | <u>319,269</u> |
| <u>Net Assets</u> | | |
| Restricted | 555,698 | 280,271 |
| Unrestricted | <u>5,691</u> | <u>38,998</u> |
| Total net assets | <u>\$ 561,389</u> | <u>\$ 319,269</u> |

The total net cash assets of the Council's governmental activities increased \$242,120 from fiscal year 2009. The balance of government-wide unrestricted net cash assets of \$5,691 may be used to meet the government's ongoing obligations to citizens and creditors.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The table below shows the changes in net cash assets for fiscal year 2009 and 2008.

| | Change in Net Cash Assets | |
|--------------------------------------|------------------------------------|------------------------------------|
| | Governmental Activities 2009 | Governmental Activities 2008 |
| Cash Receipts: | | |
| Program cash receipts: | | |
| Operating grants and contributions | \$ 1,732,389 | \$ 1,725,526 |
| Total program cash receipts | <u>1,732,389</u> | <u>1,725,526</u> |
| General cash receipts: | | |
| Miscellaneous | 118,896 | 146,553 |
| Total general cash receipts | <u>118,896</u> | <u>146,553</u> |
| Total cash receipts | 1,851,285 | 1,872,079 |
| Cash Disbursements: | | |
| General government | 169,035 | 183,357 |
| Social services | <u>1,440,130</u> | <u>1,759,813</u> |
| Total cash disbursements | <u>1,609,165</u> | <u>1,943,170</u> |
| Change in net cash assets | 242,120 | (71,091) |
| Net cash assets at beginning of year | <u>319,269</u> | <u>390,360</u> |
| Net cash assets at end of year | <u>\$ 561,389</u> | <u>\$ 319,269</u> |

Governmental Activities

Governmental cash assets increased by \$242,120 in 2010 from 2009. Total governmental cash disbursements of \$1,609,165 were offset by program cash receipts of \$1,732,389 and general cash receipts of \$118,896.

The primary sources of cash receipts for governmental activities are derived from restricted grants and contributions. These receipt sources represent 93.58% of total governmental cash receipts.

The largest cash disbursement of the Council is for social services. These cash disbursements totaled \$1,440,130 or 89.50% of total governmental cash disbursements for fiscal year 2010.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2010 and 2009. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

Governmental Activities

| | Governmental Activities | | | |
|---------------------|--------------------------------|-------------------------|---------------------------|-------------------------|
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| | <u>2009</u> | <u>2009</u> | <u>2008</u> | <u>2008</u> |
| Cash disbursements: | | | | |
| General government | \$ 169,035 | \$ 152,068 | \$ 183,357 | \$ 159,254 |
| Social services | <u>1,440,130</u> | <u>(275,292)</u> | <u>1,759,813</u> | <u>58,390</u> |
| Total | <u>\$ 1,609,165</u> | <u>\$ (123,224)</u> | <u>\$ 1,943,170</u> | <u>\$ 217,644</u> |

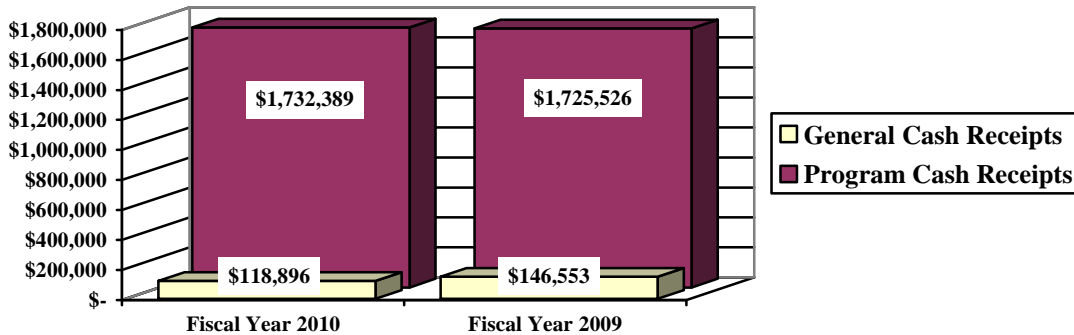
The dependence upon program cash receipts for governmental activities is apparent; with 100% and 88.80% of cash disbursements supported through program cash receipts from operating grants and contributions during 2010 and 2009, respectively.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The graph below presents the Council's governmental activities receipts for fiscal year 2010 and 2009:

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

The Council's governmental funds reported a combined fund cash balance of \$561,389, which is \$242,120 above last year's total of \$319,269. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2010 and 2009, for all major and nonmajor governmental funds.

| | Fund Cash Balance <u>June 30, 2010</u> | Fund Cash Balance <u>June 30, 2009</u> | Increase <u>(Decrease)</u> |
|-----------------------------------|---|---|-------------------------------|
| Major Funds: | | | |
| General | \$ 5,826 | \$ 38,998 | \$ (33,172) |
| Help Me Grow | 455,585 | 212,911 | 242,674 |
| Other Nonmajor Governmental Funds | <u>99,978</u> | <u>67,360</u> | <u>32,618</u> |
| Total | <u>\$ 561,389</u> | <u>\$ 319,269</u> | <u>\$ 242,120</u> |

General Fund

The general fund had cash receipts of \$135,863 in 2010. The cash disbursements of the general fund totaled \$169,035 in 2010. The general fund's cash balance decreased \$33,172 from 2009 to 2010.

Help Me Grow Fund

The help me grow fund, a Council major fund, had cash receipts of \$1,524,435 in 2010. The help me grow fund had cash disbursements of \$1,281,761 in 2010. The help me grow fund cash balance increased \$242,674 from 2009 to 2010.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Capital Assets and Debt Administration

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Council had \$5,254 in capital outlay disbursements during fiscal year 2010.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2010 and 2009.

Current Financial Related Activities

The existing services of the Council are reviewed to determine how they can be utilized in a more efficient manner and agencies are challenged to improve the way services are delivered. The Council is constantly assessing needs of its members and acting to provide these services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Cynthia Lengyel, Treasurer, Mahoning County Family and Children First Council, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512-7019.

**BASIC
FINANCIAL STATEMENTS**

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Equity in pooled cash and cash equivalents. | \$ 561,389 |
| Total assets | 561,389 |
| Net assets: | |
| Restricted for: | |
| State and federally funded programs | 555,698 |
| Unrestricted | 5,691 |
| Total net assets | \$ 561,389 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | | <u>Program Cash Receipts</u> | <u>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</u> |
|--|-------------------------------|---|---|
| | <u>Cash Disbursements</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental activities: | | | |
| General government | \$ 169,035 | \$ 16,967 | \$ (152,068) |
| Social services | 1,440,130 | 1,715,422 | 275,292 |
| Total governmental activities | <u>\$ 1,609,165</u> | <u>\$ 1,732,389</u> | <u>123,224</u> |
| | | | |
| | | | |
| General Cash Receipts: | | | |
| Miscellaneous | | | <u>118,896</u> |
| Total general cash receipts | | | <u>118,896</u> |
| Change in net cash assets. | | | 242,120 |
| Net cash assets at beginning of year. | | | <u>319,269</u> |
| Net cash assets at end of year | | | <u>\$ 561,389</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2010

| | General | Help Me Grow | Other Governmental Funds | Total Governmental Funds |
|--|-----------------|---------------------|---|---|
| Cash assets: | | | | |
| Equity in pooled cash and cash equivalents . . . | \$ 5,826 | \$ 455,585 | \$ 99,978 | \$ 561,389 |
| Total assets | <u>\$ 5,826</u> | <u>\$ 455,585</u> | <u>\$ 99,978</u> | <u>\$ 561,389</u> |
| Fund cash balances: | | | | |
| Reserved for encumbrances. | \$ 13,335 | \$ 40,392 | \$ 78,716 | \$ 132,443 |
| Unreserved, undesignated (deficit), reported in: | | | | |
| General fund | (7,509) | - | - | (7,509) |
| Special revenue funds. | - | 415,193 | 21,262 | 436,455 |
| Total fund cash balances | <u>\$ 5,826</u> | <u>\$ 455,585</u> | <u>\$ 99,978</u> | <u>\$ 561,389</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>General</u> | <u>Help Me Grow</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------|---------------------|---|---|
| Cash receipts: | | | | |
| Other local revenues | \$ 119,606 | \$ 38,504 | \$ 15,278 | \$ 173,388 |
| Intergovernmental - state | 16,257 | 729,061 | 131,481 | 876,799 |
| Intergovernmental - federal | - | 756,870 | 44,228 | 801,098 |
| Total cash receipts | <u>135,863</u> | <u>1,524,435</u> | <u>190,987</u> | <u>1,851,285</u> |
| Cash disbursements: | | | | |
| Personal services | 132,294 | 833,667 | 3,047 | 969,008 |
| Community services | 32,810 | 365,502 | 150,811 | 549,123 |
| Supplies and materials | 2,578 | 46,062 | 655 | 49,295 |
| Capital outlay | - | 5,254 | - | 5,254 |
| Miscellaneous | 1,353 | 31,276 | 3,856 | 36,485 |
| Total cash disbursements | <u>169,035</u> | <u>1,281,761</u> | <u>158,369</u> | <u>1,609,165</u> |
| Net change in fund cash balances | (33,172) | 242,674 | 32,618 | 242,120 |
| Fund cash balances at beginning of year . . . | <u>38,998</u> | <u>212,911</u> | <u>67,360</u> | <u>319,269</u> |
| Fund cash balances at end of year | <u>\$ 5,826</u> | <u>\$ 455,585</u> | <u>\$ 99,978</u> | <u>\$ 561,389</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code Section 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 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 job and family services;
- d. The executive director of the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the 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 Ohio Revised Code Section 3301.31;
- 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 interest 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.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). 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, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The Mahoning County Family and Children First Council ("the Council") uses funds to maintain its financial records during the fiscal year. 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. The Council classifies each fund as either governmental, proprietary or fiduciary. The Council reports only governmental funds.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Governmental Funds - The Council classifies funds financed primarily from intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Council's major governmental funds:

General Fund - The general fund is the operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.

Help Me Grow - This fund is made up of three programs combined to form the Help Me Grow Program. They are Welcome Home State subsidy, Early Intervention Services Part C from the Ohio Department of Health, and Temporary Assistance for Needy Families through Mahoning County Job and Family Services. These monies are for the promotion of the well-being of young children through home-based specialized services and public awareness, with a special emphasis on early intervention and prevention.

Other governmental funds of the Council are used to account for grants and other resources.

D. Basis of Presentation and Measurement Focus

Government-wide Statement of Activities - Cash Basis - This statement displays information about the Council as a whole. The government-wide statement of activities - cash basis compares disbursements with program receipts for each function or program of the Council's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the Council.

Fund Financial Statement - Cash Basis - Fund financial statements report detailed information about the Council. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

E. Budgetary Process

The Ohio Revised Code requires the Council to file an annual budget with its administrative agent, with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by state departments in rules or interagency agreements that are applicable to the Council's functions. Budgetary information for the general fund and major special revenue fund has been presented as supplementary information to the basic financial statements.

F. Fiscal Agent

The Council designates an Administrative Agent for all funds received in the name of the Council. The Mahoning County Educational Service Center acts as the Administrative Agent. The Council's funds are maintained in separate funds with the fiscal agent.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Fund Cash Balance Reserves

The Council reserves those portions of fund cash balance which are legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund cash balance which is available for appropriation in future periods. Fund cash balance reserves have been established for encumbrances.

I. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The Council first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 2 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Mahoning County Educational Service Center maintains a depository which includes the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the fiscal agent at June 30, 2010, was \$561,389. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the Mahoning County Educational Service Center's investment accounts.

Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Mahoning County Educational Service Center.

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM

A. Defined Benefit Pension Plan

Plan Description - The Council contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14 percent of annual covered payroll. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Council's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$117,266, \$96,080, and \$90,537, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

B. Postemployment Benefits

Plan Description - The Council participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Council's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$4,221, \$43,971, and \$41,315, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Council's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$6,974, \$7,927, and \$6,523, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 4 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2010, the Council was named on the Mahoning County Educational Service Center's policy with \$1,000,000 personal injury and \$2,000,000 general aggregate. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

NOTE 5 - CONTINGENCIES

A. Litigation

The Council is not currently involved in litigation.

B. Grants

The Council receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Council.

SUPPLEMENTARY INFORMATION

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary basis receipts: | | | | |
| Other local revenues | \$ 39,333 | \$ 129,691 | \$ 119,606 | \$ (10,085) |
| Intergovernmental - state. | 4,931 | 16,257 | 16,257 | - |
| Total budgetary basis receipts | <u>44,264</u> | <u>145,948</u> | <u>135,863</u> | <u>(10,085)</u> |
| Budgetary basis disbursements: | | | | |
| Personal services | 45,082 | 132,761 | 132,294 | 467 |
| Community services. | 15,085 | 44,422 | 45,397 | (975) |
| Supplies and materials | 2,190 | 6,450 | 3,326 | 3,124 |
| Capital outlay. | 1 | 2 | - | 2 |
| Miscellaneous. | 445 | 1,311 | 1,353 | (42) |
| Total budgetary basis disbursements | <u>62,803</u> | <u>184,946</u> | <u>182,370</u> | <u>2,576</u> |
| Net change in fund cash balance. | (18,539) | (38,998) | (46,507) | (7,509) |
| Fund cash balance at beginning of year. | 33,349 | 33,349 | 33,349 | - |
| Prior year encumbrances appropriated | <u>5,649</u> | <u>5,649</u> | <u>5,649</u> | <u>-</u> |
| Fund cash balance (deficit) at end of year. | <u>\$ 20,459</u> | <u>\$ -</u> | <u>\$ (7,509)</u> | <u>\$ (7,509)</u> |

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HELP ME GROW
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Budgetary basis receipts: | | | | |
| Other local revenues | \$ 29,061 | \$ 34,000 | \$ 38,504 | \$ 4,504 |
| Intergovernmental - state. | 623,156 | 729,061 | 729,061 | - |
| Intergovernmental - federal. | 693,139 | 810,938 | 756,870 | (54,068) |
| Total budgetary basis receipts | <u>1,345,356</u> | <u>1,573,999</u> | <u>1,524,435</u> | <u>(49,564)</u> |
| Budgetary basis disbursements: | | | | |
| Personal services | 1,001,340 | 1,006,109 | 835,667 | 170,442 |
| Community services | 571,998 | 574,723 | 374,679 | 200,044 |
| Supplies and materials | 106,274 | 106,780 | 50,648 | 56,132 |
| Capital outlay. | 9,366 | 9,411 | 29,383 | (19,972) |
| Miscellaneous. | <u>89,373</u> | <u>89,799</u> | <u>31,776</u> | <u>58,023</u> |
| Total budgetary basis disbursements | <u>1,778,351</u> | <u>1,786,822</u> | <u>1,322,153</u> | <u>464,669</u> |
| Net change in fund cash balance. | (432,995) | (212,823) | 202,282 | 415,105 |
| Fund cash balance at beginning of year. | 30,774 | 30,774 | 30,774 | - |
| Prior year encumbrances appropriated | <u>182,137</u> | <u>182,137</u> | <u>182,137</u> | <u>-</u> |
| Fund cash balance (deficit) at end of year. | <u>\$ (220,084)</u> | <u>\$ 88</u> | <u>\$ 415,193</u> | <u>\$ 415,105</u> |

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**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**BUDGETARY NOTES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - BUDGETARY PROCESS

The Ohio Revised Code requires the Council to file an annual budget with its administrative agent, with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by state departments in rules or interagency agreements that are applicable to the Council's functions.

The Council budgets for resources estimated to be received during the fiscal year. The estimated revenues may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts of the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts of the estimated revenues in effect at the time final appropriations were passed by the Council.

The Council adopts an annual appropriation resolution, which is the Council's authorization to spend resources and sets annual limits on expenditures selected by the Council. The level of control has been established by the Council at the fund level for all funds. The Treasurer has been authorized to allocate appropriations to the object level within all funds.

Throughout the fiscal year, appropriations may be amended or supplemented as circumstances warrant. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts on the budgetary statements represent the final appropriation amounts passed by the Council during the fiscal year.

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in cash-basis fund balance - budget and actual (budgetary basis) presented for the general fund and the major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The following table summarizes the adjustments necessary to reconcile the statement of cash receipts, cash disbursements, and changes in cash basis fund balance and the budgetary basis statements for the general fund and major special revenue fund:

| | <u>General</u> | <u>Help Me Grow</u> | |
|-----------------------------|--------------------|-------------------------|--|
| Budget basis | \$ (46,507) | \$ 202,282 | |
| Adjustment for encumbrances | <u>13,335</u> | <u>40,392</u> | |
| Cash basis | <u>\$ (33,172)</u> | <u>\$ 242,674</u> | |

SUPPLEMENTARY DATA

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE | CFDA NUMBER | (A) PASS-THROUGH GRANT NUMBER | (B) CASH FEDERAL RECEIPTS | (B) CASH FEDERAL DISBURSEMENTS |
|---|------------------------|--|--|---|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE MAHONING COUNTY DEPARTMENT OF JOBS & FAMILY SERVICES | | | | |
| Temporary Assistance for Needy Families | 93.558 | 2008 | \$ - | \$ 8,873 |
| Temporary Assistance for Needy Families | 93.558 | 2009 | 434,643 | 163,258 |
| Total Temporary Assistance for Needy Families | | | <u>434,643</u> | <u>172,131</u> |
| PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL HEALTH: | | | | |
| Promoting Safe and Stable Families | 93.556 | 5AU-10-100-22-48 | 44,228 | 24,739 |
| Total U.S. Department of Health and Human Services | | | <u>478,871</u> | <u>196,870</u> |
| U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH: | | | | |
| <i>Early Intervention Services (IDEA) Cluster:</i> | | | | |
| (C) Special Education - Grants for Infants and Families | 84.181 | 2009 | - | 20,021 |
| (C) Special Education - Grants for Infants and Families | 84.181 | 2010 | 214,095 | 212,495 |
| Total Special Education - Grants for Infants and Families | | | <u>214,095</u> | <u>232,516</u> |
| (C) ARRA Special Education - Grants for Infants and Families, Recovery Act | 84.393A | 05050011HA0110 | 108,132 | 162,200 |
| Total Early Intervention Services (IDEA) Cluster | | | <u>322,227</u> | <u>394,716</u> |
| Total U.S. Department of Education | | | <u>322,227</u> | <u>394,716</u> |
| U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION: | | | | |
| Child and Adult Care Food Program | 10.558 | 2010 | 22,370 | 22,370 |
| Total U.S. Department of Agriculture | | | <u>22,370</u> | <u>22,370</u> |
| Total Federal Financial Assistance | | | <u>\$ 823,468</u> | <u>\$ 613,956</u> |

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass through numbers for fiscal year 2010.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Included as part of "Early Intervention Services (IDEA) Cluster" in determining major programs.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

To the Members of the Executive Committee:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Mahoning County Family and Children First Council's basic financial statements and have issued our report thereon dated December 15, 2010, wherein we noted the Mahoning County Family and Children First Council prepared its financial statements on the cash basis, a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. 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 Mahoning County Family and Children First Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Mahoning County Family and Children First Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Mahoning County Family and Children First Council's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Mahoning County Family and Children First Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Mahoning County Family and Children First Council
Mahoning County

Compliance and Other Matters

As part of reasonably assuring whether the Mahoning County Family and Children First 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and the Executive Committee of the Mahoning County Family and Children First Council, federal awarding agencies and pass-through entities, and others within the Mahoning County Family and Children First Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 15, 2010



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its
Major Federal Program and Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

To the Members of the Executive Committee:

Compliance

We have audited the compliance of the Mahoning County Family and Children First Council with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Mahoning County Family and Children First Council's major federal program. The Mahoning County Family and Children First Council's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the Mahoning County Family and Children First Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Mahoning County Family and Children First Council's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Mahoning County Family and Children First Council's compliance with those requirements.

In our opinion, the Mahoning County Family and Children First Council complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2010.

Mahoning County Family and Children First Council
Mahoning County

Internal Control Over Compliance

The Mahoning County Family and Children First Council's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Mahoning County Family and Children First Council's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Mahoning County Family and Children First Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management and Executive Committee of the Mahoning County Family and Children First Council, federal awarding agencies and pass-through entities, and others within the Mahoning County Family and Children First Council. We intend it for no one other than these specified parties.



Julian & Grube, Inc
December 15, 2010

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|--|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GASAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GASAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under §.510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Early Intervention Services (IDEA) Cluster: Special Education - Grants for Infants and Families (CFDA #84.181) and ARRA - Special Education - Grants for Infants and Families, Recovery Act (CFDA #84.393A) |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: >\$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee | Yes |

| |
|---|
| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

None

| |
|--|
| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS |
|--|

None



Dave Yost • Auditor of State

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MAHONING 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
MARCH 15, 2011**