

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

MAHONING COUNTY, OHIO

AUDIT REPORT

For the Year Ended June 30, 2011

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Mahoning County Family and Children First Council, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 9, 2011

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**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO
For the Fiscal Year Ended June 30, 2011**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Executive Council:

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 (the Council), as of and for the fiscal year ended June 30, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those 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 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 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 Council, as of June 30, 2011, 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 November 15, 2011, on our consideration of the Mahoning County Family and Children First Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 23 through 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mahoning County Family and Children First Council, Ohio's financial statements as a whole. The accompanying federal awards receipts and expenditures schedule is presented for purposes of additional analysis as 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 financial statements. The federal awards receipts and expenditures schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.

November 15, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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, 2011, 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 fiscal year 2011 are as follows:

- The total net cash assets of the governmental activities decreased \$200,417, which represents a 35.70% decrease from fiscal year 2010.
- General cash receipts accounted for \$198,090 or 12.33% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,408,067 or 87.67% of total governmental activities cash receipts.
- The Council had \$1,806,574 in cash disbursements related to governmental activities; these cash disbursements were offset by program specific grants or contributions and general receipts of \$1,606,157. Program revenues and general cash receipts were not adequate to provide for the Council's programs.
- The Council's major funds are the general fund, help me grow fund and help me grow per capita reimbursements fund. The general fund had cash receipts of \$154,416 in 2011. The cash disbursements of the general fund totaled \$126,269 in 2011. The general fund's cash balance increased \$28,147 from 2010 to 2011.

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 three major governmental funds, the general fund, help me grow fund and help me grow per capita reimbursements 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 fiscal year 2011? 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, 2011
(UNAUDITED)**

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 11-12 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, help me grow fund and help me grow per capita reimbursements 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 13-14 of this report.

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 15-21 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, 2011
(UNAUDITED)

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 2011 and 2010.

	Net Cash Assets	
	Governmental Activities 2011	Governmental Activities 2010
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 360,972	\$ 561,389
Total assets	<u>360,972</u>	<u>561,389</u>
<u>Net assets</u>		
Restricted	383,957	555,698
Unrestricted (deficit)	<u>(22,985)</u>	<u>5,691</u>
Total net assets	<u>\$ 360,972</u>	<u>\$ 561,389</u>

The total net cash assets of the Council's governmental activities decreased \$200,417 from fiscal year 2010. The balance of government-wide unrestricted net cash assets is a deficit \$22,985.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

The table below shows the changes in net cash assets for fiscal year 2011 and 2010.

	Change in Net Cash Assets	
	Governmental Activities	Governmental Activities
	<u>2011</u>	<u>2010</u>
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 1,408,067	\$ 1,732,389
Total program cash receipts	<u>1,408,067</u>	<u>1,732,389</u>
General cash receipts:		
Miscellaneous	<u>198,090</u>	<u>118,896</u>
Total general cash receipts	<u>198,090</u>	<u>118,896</u>
Total cash receipts	<u>1,606,157</u>	<u>1,851,285</u>
Cash Disbursements:		
General government	126,269	169,035
Social services	<u>1,680,305</u>	<u>1,440,130</u>
Total cash disbursements	<u>1,806,574</u>	<u>1,609,165</u>
Change in net cash assets	(200,417)	242,120
Net cash assets at beginning of year	<u>561,389</u>	<u>319,269</u>
Net cash assets at end of year	<u>\$ 360,972</u>	<u>\$ 561,389</u>

Governmental Activities

Governmental cash assets decreased by \$200,417 in 2011 from 2010. Total governmental cash disbursements of \$1,806,574 were offset by program cash receipts of \$1,408,067 and general cash receipts of \$198,090.

The primary sources of cash receipts for governmental activities are derived from restricted grants and contributions. These receipt sources represent 87.67% of total governmental cash receipts.

The largest cash disbursement of the Council is for social services. These cash disbursements totaled \$1,680,305 or 93.01% of total governmental cash disbursements for fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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 2011 and 2010. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

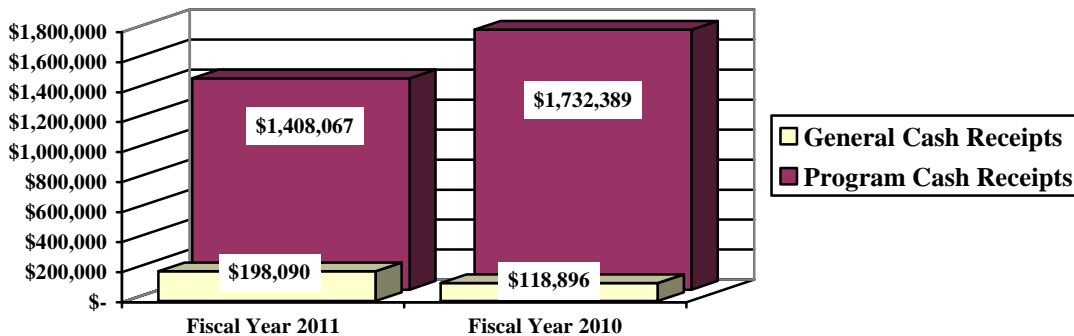
Governmental Activities

	Governmental Activities			
	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Cash disbursements:				
General government	\$ 126,269	\$ 126,269	\$ 169,035	\$ 152,068
Social services	<u>1,680,305</u>	<u>272,238</u>	<u>1,440,130</u>	<u>(275,292)</u>
Total	<u>\$ 1,806,574</u>	<u>\$ 398,507</u>	<u>\$ 1,609,165</u>	<u>\$ (123,224)</u>

The dependence upon program cash receipts for governmental activities is apparent; with 77.94% and 100% of cash disbursements supported through program cash receipts from operating grants and contributions during 2011 and 2010, respectively.

The graph below presents the Council's governmental activities receipts for fiscal year 2011 and 2010:

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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)

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 \$360,972, which is \$200,417 below last year's total of \$561,389. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2011 and 2010, for all major and nonmajor governmental funds.

	Fund Cash Balance (Deficit) <u>June 30, 2011</u>	Fund Cash Balance <u>June 30, 2010</u>	Increase (Decrease)
Major Funds:			
General	\$ 33,973	\$ 5,826	\$ 28,147
Help Me Grow	323,276	455,585	(132,309)
Help Me Grow Per Capita Reimbursements	42,849	42,849	-
Other Nonmajor Governmental Funds	<u>(39,126)</u>	<u>57,129</u>	<u>(96,255)</u>
Total	<u>\$ 360,972</u>	<u>\$ 561,389</u>	<u>\$ (200,417)</u>

General Fund

The general fund had cash receipts of \$154,416 and cash disbursements of \$126,269 in 2011. The general fund's cash balance increased \$28,147 from 2010 to 2011.

Help Me Grow Fund

The help me grow fund, a Council major fund, had cash receipts of \$1,223,725 and cash disbursements of \$1,356,034 in 2011. The help me grow fund cash balance decreased \$132,309 from 2010 to 2011.

Help Me Grow Per Capita Reimbursements Fund

The help me grow per capita reimbursements fund, a Council major fund, had no cash receipts or cash disbursements in 2011 and the fund cash balance at June 30, 2011 and 2010 was \$42,849.

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 \$25,822 in capital outlay disbursements during fiscal year 2011.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2011 and 2010.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)**

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.

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

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 360,972
Total assets	360,972
Net assets:	
Restricted for:	
State and federally funded programs.	383,957
Unrestricted (deficit)	(22,985)
Total net assets	\$ 360,972

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, 2011

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 126,269	\$ -	\$ (126,269)
Social services.	1,680,305	1,408,067	(272,238)
Total governmental activities.	<u>\$ 1,806,574</u>	<u>\$ 1,408,067</u>	<u>(398,507)</u>
 General cash receipts:			
Miscellaneous			<u>198,090</u>
Total general cash receipts			<u>198,090</u>
Change in net assets cash.			(200,417)
Net cash assets at beginning of year . . .			<u>561,389</u>
Net cash assets at end of year			<u>\$ 360,972</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, 2011

	<u>General</u>	<u>Help Me Grow</u>	<u>Help Me Grow Per Capita Reimbursements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents . .	\$ 33,973	\$ 323,276	\$ 42,849	\$ (39,126)	\$ 360,972
Total assets.	<u>\$ 33,973</u>	<u>\$ 323,276</u>	<u>\$ 42,849</u>	<u>\$ (39,126)</u>	<u>\$ 360,972</u>
Fund cash balances:					
Restricted:					
State and federally funded programs	\$ -	\$ 323,276	\$ 42,849	\$ 31,140	\$ 397,265
Other purposes	-	-	-	13,679	13,679
Assigned:					
Community services.	16,669	-	-	-	16,669
Supplies and materials.	1,106	-	-	-	1,106
Miscellaneous	1,460	-	-	-	1,460
Unassigned (deficit)	14,738	-	-	(83,945)	(69,207)
Total fund cash balances	<u>\$ 33,973</u>	<u>\$ 323,276</u>	<u>\$ 42,849</u>	<u>\$ (39,126)</u>	<u>\$ 360,972</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, 2011

	<u>General</u>	<u>Help Me Grow</u>	<u>Help Me Grow Per Capita Reimbursements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:					
Other local revenues	\$ 154,416	\$ 38,674	\$ -	\$ 5,000	\$ 198,090
Intergovernmental - state	-	723,229	-	126,725	849,954
Intergovernmental - federal	-	461,822	-	96,291	558,113
Total cash receipts.	<u>154,416</u>	<u>1,223,725</u>	<u>-</u>	<u>228,016</u>	<u>1,606,157</u>
Cash disbursements:					
Personal services	105,688	925,293	-	-	1,030,981
Community services	11,844	372,507	-	313,041	697,392
Supplies and materials	5,197	24,280	-	7,373	36,850
Capital outlay.	-	25,822	-	-	25,822
Miscellaneous.	3,540	8,132	-	3,857	15,529
Total cash disbursements.	<u>126,269</u>	<u>1,356,034</u>	<u>-</u>	<u>324,271</u>	<u>1,806,574</u>
Net change in fund cash balances	28,147	(132,309)	-	(96,255)	(200,417)
Fund cash balances at beginning of year . .	<u>5,826</u>	<u>455,585</u>	<u>42,849</u>	<u>57,129</u>	<u>561,389</u>
Fund cash balances (deficit) at end of year .	<u>\$ 33,973</u>	<u>\$ 323,276</u>	<u>\$ 42,849</u>	<u>\$ (39,126)</u>	<u>\$ 360,972</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011**

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, 2011

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 and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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.

Help Me Grow Per Capita Reimbursements - This fund accounts for monies from the State to provide child abuse prevention training for families that qualify with Job and Family Services.

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes.

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 funds have been presented as supplementary information to the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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.

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

The Council reports classifications of fund balance based on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority, the Executive Committee.

Assigned - amounts that are constrained by the Council's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Council's formal purchasing procedure by the Treasurer. Through the Council's purchasing policy, the Executive Committee has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Council applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Council considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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, 2011, was \$360,972. 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*.

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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$116,510, \$117,266 and \$96,080, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM - (Continued)

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 Section 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 2011 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 2011, 1.43 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 2011, the actuarially determined amount was \$35,800.

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 (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,107, \$4,221 and \$43,971, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, 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, 2011, 2010, and 2009 were \$7,498, \$6,974 and \$7,927, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 2011, 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, 2011

	<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	\$ 175,000	\$ 151,000	\$ 154,416	\$ 3,416
Total budgetary basis receipts	<u>175,000</u>	<u>151,000</u>	<u>154,416</u>	<u>3,416</u>
Budgetary basis disbursements:				
Personal services	141,911	112,799	105,688	7,111
Community services.	44,080	35,037	28,512	6,525
Supplies and materials	11,322	8,999	6,304	2,695
Capital outlay.	1,258	1,000	-	1,000
Miscellaneous.	6,920	5,500	5,000	500
Total budgetary basis disbursements	<u>205,491</u>	<u>163,335</u>	<u>145,504</u>	<u>17,831</u>
Net change in fund cash balance.	(30,491)	(12,335)	8,912	21,247
Fund cash balance (deficit) at beginning of year.	(7,509)	(7,509)	(7,509)	-
Prior year encumbrances appropriated	<u>13,335</u>	<u>13,335</u>	<u>13,335</u>	<u>-</u>
Fund cash balance (deficit) at end of year.	<u>\$ (24,665)</u>	<u>\$ (6,509)</u>	<u>\$ 14,738</u>	<u>\$ 21,247</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local revenues	\$ 36,766	\$ 36,696	\$ 38,674	\$ 1,978
Intergovernmental - state.	730,457	729,061	723,229	(5,832)
Intergovernmental - federal.	438,540	437,702	461,822	24,120
Total budgetary basis receipts	<u>1,205,763</u>	<u>1,203,459</u>	<u>1,223,725</u>	<u>20,266</u>
Budgetary basis disbursements:				
Personal services	1,069,633	1,102,315	927,293	175,022
Community services	427,582	440,646	376,043	64,603
Supplies and materials	66,163	68,184	26,663	41,521
Capital outlay.	33,169	34,182	25,822	8,360
Miscellaneous.	9,752	10,050	10,632	(582)
Total budgetary basis disbursements	<u>1,606,299</u>	<u>1,655,377</u>	<u>1,366,453</u>	<u>288,924</u>
Net change in fund cash balance.	(400,536)	(451,918)	(142,728)	309,190
Fund cash balance at beginning of year.	415,193	415,193	415,193	-
Prior year encumbrances appropriated	40,392	40,392	40,392	-
Fund cash balance at end of year	<u>\$ 55,049</u>	<u>\$ 3,667</u>	<u>\$ 312,857</u>	<u>\$ 309,190</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 PER CAPITA REIMBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis disbursements:				
Community services.	\$ 23,700	\$ 42,849	\$ -	\$ 42,849
Total budgetary basis disbursements	<u>23,700</u>	<u>42,849</u>	<u>-</u>	<u>42,849</u>
Net change in fund cash balance.	(23,700)	(42,849)	-	42,849
Fund cash balance at beginning of year	<u>42,849</u>	<u>42,849</u>	<u>42,849</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 19,149</u>	<u>\$ -</u>	<u>\$ 42,849</u>	<u>\$ 42,849</u>

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

**BUDGETARY NOTES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 schedules reflect the amounts of the estimated revenues when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules 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 schedules 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 schedules 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 schedule 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 funds 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 schedules for the general fund and the help me grow major special revenue fund:

	<u>General</u>	<u>Help Me Grow</u>	
Budget basis	\$ 8,912	\$ (142,728)	
Adjustment for encumbrances	<u>19,235</u>	<u>10,419</u>	
Cash basis	<u>\$ 28,147</u>	<u>\$ (132,309)</u>	

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

Federal Awards Receipts and Expenditures Schedule

For the Fiscal Year Ended June 30, 2011

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
U.S. Department of Health and Human Services				
<i>Passed through the Mahoning County</i>				
<i>Department of Jobs and Family Services</i>				
Temporary Assistance for Needy Families	2011	93.558	\$ 214,095	\$ 213,596
Temporary Assistance for Needy Families	2010	93.558	-	500
Temporary Assistance for Needy Families	2009	93.558	-	2,554
Total Temporary Assistance for Needy Families			<u>214,095</u>	<u>216,650</u>
<i>Passed through the</i>				
<i>Ohio Department of Mental Health</i>				
Promoting Safe and Stable Families	5AU-10-100-22-48 (2011)	93.556	74,643	89,079
Promoting Safe and Stable Families	5AU-10-100-22-48 (2010)	93.556	-	19,489
Total Promoting Safe and Sable Families			<u>74,643</u>	<u>108,568</u>
Total US Department of Health and Human Services			<u>288,738</u>	<u>325,218</u>
U.S. Department of Education				
<i>Passed Through the Ohio Department of Health</i>				
Special Education-Grants for Infants and Families-ARRA	2011	84.393	169,539	169,539
Special Education-Grants for Infants and Families-ARRA	2010	84.393	54,068	-
Total U.S.Department of Education			<u>223,607</u>	<u>169,539</u>
U.S. Department of Agriculture				
<i>Passed Through the Ohio Department of Education</i>				
Child and Adult Care Food Program	2011	10.558	24,120	24,120
Total Federal Assistance			<u>\$ 536,465</u>	<u>\$ 518,877</u>

Notes to the Federal Awards Receipts and Expenditures Schedule:

This schedule was prepared on the cash basis of accounting.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To the Executive Council:

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, (the Council) as of and for the fiscal year ended June 30, 2011, and have issued our report thereon dated November 15, 2011, wherein we noted the Council followed the cash basis of accounting rather than 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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 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.

Compliance and Other Matters

As part of reasonably assuring whether the 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 such 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 Council, the audit committee, management, federal awarding agencies and pass-through entities and others within the Council. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

November 15, 2011

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Executive Council:

Compliance

We have audited the Mahoning County Family and Children First Council, Mahoning County, Ohio's (the Council) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's federal programs for the year ended June 30, 2011. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Mahoning County Family and Children First Council, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Mahoning County Family and Children First Council, Ohio, 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 Council's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance 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 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.

This report is intended solely for the information and use of management, Council, the audit committee, federal awarding agencies, pass-through entities and other within the entity and is not intended to be and should not be used by anyone other than these specified parties.



CHARLES E. HARRIS & ASSOCIATES, INC.

November 15, 2011

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY
June 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Adverse under GAAP, unqualified under the regulatory basis
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Special Education - Grants for Infants and Families -ARRA 84.393
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY, OHIO
For the Fiscal Year Ended June 30, 2011**

Schedule of Prior Audit Findings

The prior audit report, for the year ended June 30, 2010, reported no material citations or recommendations.

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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
DECEMBER 22, 2011**