



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Richland County
171 Park Avenue East
Mansfield, Ohio 44902

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and Children First Council, Richland County, Ohio (the Council), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and Children First Council, Richland County, Ohio, as of December 31, 2013, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Council's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net cash position, change in net cash position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2014, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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* in considering the Council's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 25, 2014

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**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

The management's discussion and analysis of the Richland County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2013, 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 basic 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 2013 are as follows:

- The total net cash position of the governmental activities decreased \$94,010, which represents a 9.82% decrease from fiscal year 2012.
- The Council had \$1,060,917 in cash disbursements related to governmental activities; \$966,907 of these cash disbursements were offset by program specific grants or contributions.
- The Council's major funds are the General Fund and the Help Me Grow Fund. The General Fund had cash receipts of \$622,794 in 2013. The cash disbursements of the General Fund totaled \$665,418 in 2013. The General Fund's cash balance decreased \$42,624 from 2012 to 2013.
- The Help Me Grow Fund had cash receipts of \$266,157 in 2013 and cash disbursements of \$306,131. The Help Me Grow Fund's cash balance decreased \$39,974.

Using these Basic Financial Statements (BFS)

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 Position - 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, the General Fund and the Help Me Grow fund are the only two major governmental funds. The Council had one nonmajor governmental fund.

Reporting the Council as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2013?" These statements include *only net position* using the *cash basis of accounting*, which is a 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.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

These two statements report the Council's net position and changes in net cash position on a cash basis. This change in net cash position 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 Position - Cash Basis and the Statement of Activities - Cash Basis, the governmental activities includes the Council's programs and services including subsidy services and other community services.

The Statement of Net Position - 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 its financial transactions. However, these financial statements focus on the Council's most significant funds. The Council's only major governmental funds are the General Fund and the 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 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 position and fund cash balances or changes in net position 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.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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 position - cash basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash position for 2013 and 2012.

	Net Cash Position	
	Governmental Activities 2013	Governmental Activities 2012
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 863,453	\$ 957,463
Total assets	863,453	957,463
<u>Net Position</u>		
Restricted	54,665	95,515
Unrestricted	808,788	861,948
Total net position	\$ 863,453	\$ 957,463

The total net cash position of the Council's governmental activities decreased \$94,010 from fiscal year 2012. The balance of government-wide unrestricted net cash position of \$808,788 may be used to meet the Council's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash position for fiscal year 2013 and 2012.

	Change in Net Cash Position	
	Governmental Activities 2013	Governmental Activities 2012
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 966,907	\$ 1,150,061
Total program cash receipts	966,907	1,150,061
Total cash receipts	966,907	1,150,061

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Cash Disbursements:

Subsidy services	1,021,862	1,002,255
Other community services	<u>39,055</u>	<u>43,657</u>
Total cash disbursements	<u>1,060,917</u>	<u>1,045,912</u>
Change in net cash position	(94,010)	104,149
Net cash position at beginning of year	<u>957,463</u>	<u>853,314</u>
Net cash position at end of year	<u>\$ 863,453</u>	<u>\$ 957,463</u>

Governmental Activities

Governmental cash position decreased \$94,010 in 2013 from 2012. Total governmental cash disbursements of \$1,060,917 were offset by program cash receipts of \$966,907.

The primary sources of cash receipts for governmental activities are derived from operating grants and entitlements. These revenue sources represent 100% of total governmental cash receipts.

The largest cash disbursement of the Council is for subsidy services. These cash disbursements totaled \$1,021,862 or 96.32% of total governmental cash disbursements for fiscal year 2013.

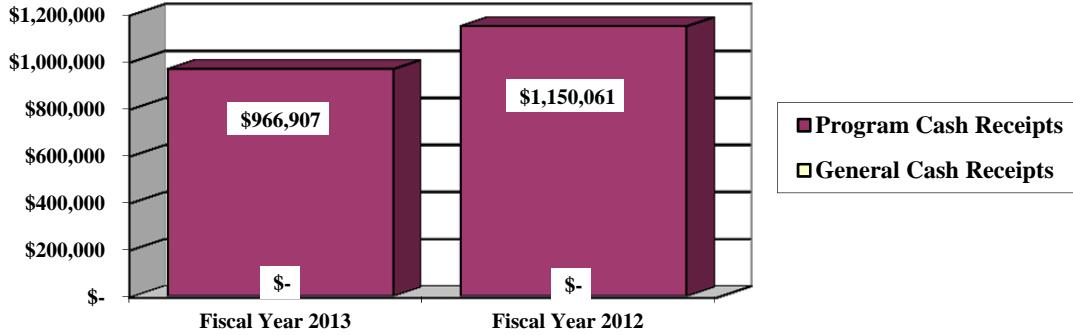
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2013 and 2012.

	Governmental Activities			
	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash disbursements:				
Subsidy services	\$ 1,021,862	\$ 90,157	\$ 1,002,255	\$ (98,192)
Other community services	<u>39,055</u>	<u>3,853</u>	<u>43,657</u>	<u>(5,957)</u>
Total	<u>\$ 1,060,917</u>	<u>\$ 94,010</u>	<u>\$ 1,045,912</u>	<u>\$ (104,149)</u>

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Council'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 \$863,453, which is \$94,010 below last year's total of \$957,463. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2013 and 2012, for all major and nonmajor governmental funds.

	Fund Cash Balance (Deficit) <u>December 31, 2013</u>	Fund Cash Balance <u>December 31, 2012</u>	<u>Decrease</u>
Major Funds:			
General	\$ 819,324	\$ 861,948	\$ (42,624)
Help Me Grow	54,665	94,639	(39,974)
Other Nonmajor Governmental Funds	<u>(10,536)</u>	<u>876</u>	<u>(11,412)</u>
Total	<u>\$ 863,453</u>	<u>\$ 957,463</u>	<u>\$ (94,010)</u>

General Fund

The General Fund had cash receipts of \$622,794 in 2013. The cash disbursements of the General Fund totaled \$665,418 in 2013. The General Fund's cash balance decreased \$42,624 from 2012 to 2013 due to increase in subsidy services provided in 2013.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Help Me Grow Fund

The Help Me Grow Fund, a Council major fund had cash receipts of \$266,157 in 2013. The Help Me Grow Fund had cash disbursements of \$306,131 in 2013. The Help Me Grow Fund cash balance decreased \$39,974 from 2012 to 2013. The Help Me Grow Fund had a decrease in cash receipts of \$243,927 from 2012 to 2013 and a decrease in cash disbursements of \$147,370 from 2012 to 2013. The Council received less grant funding during 2013.

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 no capital outlay disbursements during fiscal year 2013.

Debt Administration

The Council had no long-term debt obligations outstanding at December 31, 2013 and 2012.

Current Financial Related Activities

The Council is reviewed by its members and the community to determine how they can realize efficiency and service gap filling. Agencies are challenged to improve the way services are delivered by striving towards a seamless service delivery system. The Council is constantly assessing needs of its members and acting to facilitate the provision of services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens 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 Carmen Jones, Business Administrator, Richland County Job and Family Services, 171 Park Avenue East, Mansfield, Ohio 44903.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 863,453
 Net cash position:	
Restricted for:	
State and federally funded programs.	\$ 54,665
Unrestricted.	808,788
 Total net cash position	\$ 863,453

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

		Program Cash Receipts	Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
Governmental activities:			
Subsidy services	\$ 1,021,862	\$ 931,705	\$ (90,157)
Other community services . . .	39,055	35,202	(3,853)
Totals.	<u>\$ 1,060,917</u>	<u>\$ 966,907</u>	<u>(94,010)</u>
Change in net cash position			(94,010)
Net cash position at beginning of year.			<u>957,463</u>
Net cash position at end of year			<u>\$ 863,453</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Cash assets:				
Equity (deficit) in pooled cash and cash equivalents.	\$ 819,324	\$ 54,665	\$ (10,536)	\$ 863,453
Fund cash balances:				
Restricted for State and Federal grants.	\$ -	\$ 54,665	\$ -	\$ 54,665
Unassigned (deficit).	819,324	-	(10,536)	808,788
Total fund cash balances (deficit)	<u>\$ 819,324</u>	<u>\$ 54,665</u>	<u>\$ (10,536)</u>	<u>\$ 863,453</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Federal receipts	\$ 127,447	\$ 169,620	\$ 19,489	\$ 316,556
State receipts	137,698	96,537	58,467	292,702
Local agency receipts	357,649	-	-	357,649
Total cash receipts	<u>622,794</u>	<u>266,157</u>	<u>77,956</u>	<u>966,907</u>
Cash disbursements:				
Subsidy services	646,682	285,812	89,368	1,021,862
Other community services	18,736	20,319	-	39,055
Total cash disbursements	<u>665,418</u>	<u>306,131</u>	<u>89,368</u>	<u>1,060,917</u>
Net change in fund cash balances.	(42,624)	(39,974)	(11,412)	(94,010)
Fund cash balances at beginning of year . . .	<u>861,948</u>	<u>94,639</u>	<u>876</u>	<u>957,463</u>
Fund cash balances (deficit) at end of year . .	<u>\$ 819,324</u>	<u>\$ 54,665</u>	<u>\$ (10,536)</u>	<u>\$ 863,453</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 1 - DESCRIPTION OF THE COUNCIL

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 a county council consists of the following individuals:

- a. 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;
- b. 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. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities;
- 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 Ohio 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 municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 1 - DESCRIPTION OF THE COUNCIL - (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.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B., these financial statements for the Richland County Family and Children First Council (the "Council") are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Council's accounting policies:

A. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council, the Executive Committee and the Executive Director have direct responsibility for these activities.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is 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 this paragraph.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

C. Fund Accounting

The Council uses funds to maintain its financial records during the 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 reports only governmental funds.

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

General - 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 receives federal and state funds to implement and maintain a coordinated, community-based infrastructure that promotes trans-disciplinary, family-centered services for expectant parents, newborns, infants and toddlers and their families.

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

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - 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

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. For fiscal year 2013, a budget was prepared and filed based on the administrative agency (Richland County Job and Family Services) fiscal year, July 1, 2012 through June 30, 2013.

F. Administrative/Fiscal Agent

Section 121.37 (B)(5)(a) of the Ohio Revised Code, requires each county council to designate an administrative agent to provide fiscal and administrative services to the Council. Richland County Job and Family Services (the "County") serves as the Council's administrative agent. The County maintains the Council as an agency fund on their financial records. The administrative agent agrees to:

1. Serve as the Council's appointing authority;
2. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and,
3. Perform the following on behalf of Council; but only upon the expressed approval of and direction by Council;
 - Enter into written agreements or administer contracts with public or private entities to fulfill specific Council business.
 - Provide financial stipends, reimbursements or both to family representatives for expenses related to Council activity.
 - Receive by gift, grant, devise or bequest any moneys, land or other property for the purposes for which the Council is established.

G. Capital Assets

Acquisition 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 cash 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.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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, Cabinet Council.

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 fiscal agent. Through the Council's purchasing policy, the Cabinet Council has given the fiscal agent 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 Position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The Council has no net position restricted by enabling legislation.

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

J. Contracted Services

The Council director is an employee of Richland County and paid directly by the Council. The assistant of the Council is a paid employee of the City of Mansfield and the Council reimburses the cost of her payroll to the City of Mansfield. The funds used to pay their salaries are derived from a State Administrative grant and local agency membership contributions received by the Council and maintained by the County.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the Council has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Council.

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements". The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Council.

NOTE 4 - EQUITY IN POOLED CASH

The Richland County Treasurer's Office 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 December 31, 2013, was \$863,453. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts.

NOTE 5 - CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 6 – RISK MANAGEMENT

Insurance for comprehensive property and general liability is provided by the Council's administrative agent.



Dave Yost • Auditor of State

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

Family and Children First Council
Richland County
171 Park Avenue East
Mansfield, Ohio 44902

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Family and Children First Council, Richland County, (the Council) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated August 25, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

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, opining 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*.

Entity's Response to Finding

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 25, 2014

**FAMILY AND CHILDREN FIRST COUNCIL
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

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

FINDING NUMBER 2013-001

**Financial Statement Presentation
Material Weakness**

Sound financial reporting is the responsibility of management and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

A reclassification was made to the Council's December 31, 2013 financial statements and accounting records to properly classify \$46,128 in state receipts improperly reported as local agency receipts in the General Fund.

The reclassification identified above should be reviewed by management and the Council to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Council should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Council's activity.

Officials' Response:

We acknowledge that there were errors with the revenue classification of the 2012-2013 financial reports as to Federal and State funding. Cost Centers will be established for the 2014 financial reporting year to properly record and report Federal, State and/or local revenue funds received.

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RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL

RICHLAND 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
SEPTEMBER 25, 2014**