



Dave Yost • Auditor of State

**WARREN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
WARREN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren County Family and Children First Council
Warren County
1879 Deerfield Road
Lebanon, Ohio 45036

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 Warren County Family and Children First Council, Warren County, Ohio (the Council), as of and for the years ended December 31, 2013 and 2012, 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 Warren County Family and Children First Council, Warren County, Ohio as of December 31, 2013 and 2012, and the respective changes in cash financial position.

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.

Emphasis of Matter

As discussed in Note 6 to the financial statements, during 2012, the Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. 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 position, changes in net 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 October 2, 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

October 2, 2014

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**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2013**

The discussion and analysis of the Family and Children First Council, Warren County, Ohio'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 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2013 are as follows:

- The net position of the Council is \$29,424. Of this amount, \$29,290 (unrestricted) may be used to meet the Council's ongoing programs.
- The Council's revenue increased by \$68,919 due to an increase in state funding for Help Me Grow programs.

Using the Basic Financial Statements

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

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Council did financially during 2013, within the limitations of cash basis accounting. The Statement of Net Position – Cash Basis presents the cash balances and investments of the governmental activities of the

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2013**

Council at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Council’s general receipts.

These statements report the Council’s cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council’s financial health. Over time, increases or decreases in the Council’s cash position is one indicator of whether the Council’s financial health is improving or deteriorating. When evaluating the Council’s financial condition, you should also consider other nonfinancial factors such as the Council’s reliance on nonlocal financial resources for the operations and the need for continued growth.

Reporting the Council’s Most Significant Funds

Fund financial statements provide detailed information about the Council’s major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Council are split into the following category:

Governmental Funds – All of the Council’s activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Council’s governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council’s programs. The Council’s significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Council’s major governmental funds are the General Fund and the Help Me Grow Fund.

The Council as a Whole

Table 1 provides a summary of the Council’s net position for 2013 compared to 2012.

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2013**

Table 1
Net Position (Cash Basis)

	Governmental Activities	
	2013	2012
Assets		
Equity in Pooled Cash and Cash Equivalents	\$29,424	\$52,415
Total Assets	<u>29,424</u>	<u>52,415</u>
Net Position		
Restricted	134	15,547
Unrestricted	29,290	36,868
Total Net Position	<u>\$29,424</u>	<u>\$52,415</u>

As noted above, net position decreased mainly due to a decrease in Operating Grants and Contributions, which was mainly due to a decrease in state funding for Help Me Grow programs.

Table 2 provides a summary of the changes in net position for 2013 compared to 2012.

Table 2
Change in Net Position (Cash Basis)

	Governmental Activities	
	2013	2012
Receipts		
Program Receipts:		
Operating Grants and Contributions	\$572,748	\$503,829
Program Disbursements		
Health	595,739	541,232
Change in Net Position	(22,991)	(37,403)
Net Position Beginning of Year	<u>52,415</u>	<u>89,818</u>
Net Position End of Year	<u>\$29,424</u>	<u>\$52,415</u>

Governmental Activities

The Council's governmental activities include promoting and facilitating communication and collaboration among Warren County child and family serving agencies to ensure that Warren County infants, children, adolescents and their families receive appropriate and responsive services to enable youth to develop adequate skills in preparation for a successful adulthood. Some of these services are: the home visitor program is provided through the Ohio Children's Trust Fund, Help Me Grow provides prenatal support, newborn home visits, service to children with developmental concerns, and ongoing home visitation and Family Centered Services and Support (FCSS) focuses on maintaining children and youth (ages 0 through

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2013**

21) in their own homes and communities by providing non-clinical home based services and support. Operating grants and contributions increased \$68,919 due to an increase in state funding for Help Me Grow. Expenses increased by \$54,507 due to more services provided because of the increased funding.

The Council's Funds

Total governmental funds had receipts of \$572,748 and disbursements of \$595,739. The Council experienced an increase in receipts and disbursements in 2013 as compared to 2012.

Capital Assets and Debt Administration

Capital Assets

The Council does not currently keep track of its capital assets.

Debt

The Council does not currently have any long-term debt outstanding.

Economic Factors and Next Year's Budget

The Council maintains a conservative approach to spending while maximizing its revenues. The Council will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the Council's portion of state-based program revenue may be affected by the fiscal year 2014 State budget bill.

Requests for Information

This financial report is designed to provide our citizens, creditors and investors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer's Office of Warren County Educational Service Center, 1879 Deerfield Road, Lebanon, Ohio 45036.

Family and Children First Council, Warren County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$29,424</u>
Total Assets	<u>29,424</u>
Net Position:	
Restricted for:	
Grants	134
Unrestricted	<u>29,290</u>
Total Net Position	<u><u>\$29,424</u></u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Statement of Activities - Cash Basis
For the Fiscal Year Ended December 31, 2013

	Cash	Program Cash Receipts	Net (Disbursements) Receipts
	Disbursements	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:			
Health	\$595,739	\$572,748	(\$22,991)
Totals	<u>\$595,739</u>	<u>\$572,748</u>	<u>(22,991)</u>
		Change in Net Position	(22,991)
		Net Position - Beginning of Year	<u>52,415</u>
		Net Position - End of Year	<u>\$29,424</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	<u>\$29,290</u>	<u>\$0</u>	<u>\$134</u>	<u>\$29,424</u>
Total Assets	<u>29,290</u>	<u>0</u>	<u>134</u>	<u>29,424</u>
Fund Balances:				
Restricted	0	0	134	134
Assigned	25,680	0	0	25,680
Unassigned	<u>3,610</u>	<u>0</u>	<u>0</u>	<u>3,610</u>
Total Fund Balances	<u>\$29,290</u>	<u>\$0</u>	<u>\$134</u>	<u>\$29,424</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Statement of Receipts, Disbursements
and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2013

	General	Help Me Grow	Other Governmental Funds	Total Governmental Funds
Receipts:				
Intergovernmental	\$31,400	\$514,433	\$26,915	\$572,748
Total Receipts	<u>31,400</u>	<u>514,433</u>	<u>26,915</u>	<u>572,748</u>
Disbursements:				
Current:				
Health	38,978	514,433	42,328	595,739
Total Disbursements	<u>38,978</u>	<u>514,433</u>	<u>42,328</u>	<u>595,739</u>
Net Change in Fund Balance	(7,578)	0	(15,413)	(22,991)
Fund Balance - Beginning of Year	<u>36,868</u>	<u>0</u>	<u>15,547</u>	<u>52,415</u>
Fund Balance - End of Year	<u>\$29,290</u>	<u>\$0</u>	<u>\$134</u>	<u>\$29,424</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Note 1 – Reporting Entity

Section 121.37, Ohio Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. For the year ended December 31, 2013, the Family and Children First Council, Warren County, Ohio (the Council), was an agency fund of the Warren County Educational Service Center in Warren County, Ohio (the ESC). Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986;" and,
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

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; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Council Membership

The County's Council membership included Children's Services, Board of Alcohol & Drug Addiction Services, Board of Mental Health, Board of Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job & Family Services, family representatives, and the educational community. The purpose of the Family and Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Coordinator has been hired to administer all of the Family and Children First programs. This person is employed on a contracted service basis with Warren County Children Services. Because these programs affect all of the agencies within the Council membership, the cost of this employee is paid from a Collaborative Fee Agreement derived from the agencies in the County. The cost of this employee is paid from the State Administrative grant received by the Council and contributions made by each of the Council agencies in the County.

Administrative Council

The Administrative Council is a governing and policy-making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. The Administrative Council is also responsible for the creation of all standing committees and task groups of the Council.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

Fiscal Agent

The Warren County Educational Service Center became the Council's administrative agent on July 1, 2012. The Warren County Educational Service Center, the Council's fiscal agent, maintains Council funds in a separate agency fund.

Budgetary Process

The Council approves the budget each year and the funds are maintained within the books of the Warren County Educational Service Center.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Council's accounting policies are described below.

Basis of Presentation

The Council's basic financial statements consist of government-wide statements, including a statement of net position – cash basis and a statement of activities – cash basis, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities for the Council at year end. The Statement of Activities – Cash Basis presents a comparison between disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

at this more detailed level. The focus of governmental 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.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Council are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

General Fund

This fund accounts for the general operating revenues and expenditures of the Council not recorded elsewhere. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Help Me Grow Special Revenue Fund

This fund is used to account for revenues and expenditures of programs that provide time-limited assistance to families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families.

The other governmental funds of the Council account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

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.

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.

Cash and Cash Equivalents

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

The Warren County Educational Service Center (the ESC) is the custodian for the Council's cash and cash equivalents. The ESC's cash pool holds the Council's cash and cash equivalents, which are reported at the ESC's carrying amount. Deposit disclosures for the ESC as a whole may be obtained from the Treasurer's Office of Warren County Educational Service Center, 1879 Deerfield Road, Lebanon, Ohio 45036.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2013

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Note 3 – Risk Management

The Council is covered under the Warren County Educational Service Center's insurance policy.

Note 4 – 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 that might be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Note 5 – Subsequent Event

Beginning in 2014, the Council will change its fiscal year end from December 31 to June 30.

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2012**

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- The net position of the Council is \$52,415. Of this amount, \$36,868 (unrestricted) may be used to meet the Council's ongoing programs.
- The Council's revenue decreased by \$107,519 due to a decrease in state funding for Help Me Grow programs.

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**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2012**

Council at year end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Council’s general receipts.

These statements report the Council’s cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council’s financial health. Over time, increases or decreases in the Council’s cash position is one indicator of whether the Council’s financial health is improving or deteriorating. When evaluating the Council’s financial condition, you should also consider other nonfinancial factors such as the Council’s reliance on nonlocal financial resources for the operations and the need for continued growth.

Reporting the Council’s Most Significant Funds

Fund financial statements provide detailed information about the Council’s major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Council are split into the following category:

Governmental Funds – All of the Council’s activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Council’s governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council’s programs. The Council’s significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Council’s major governmental funds are the General Fund, the Help Me Grow Fund and the Systems of Care Grant Fund.

The Council as a Whole

Table 1 provides a summary of the Council’s net position for 2012 compared to 2011.

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2012**

Table 1
Net Position (Cash Basis)

	Governmental Activities	
	2012	2011
Assets		
Equity in Pooled Cash and Cash Equivalents	\$52,415	\$89,818
Total Assets	<u>52,415</u>	<u>89,818</u>
Net Position		
Restricted	15,547	72,059
Unrestricted	36,868	17,759
Total Net Position	<u>\$52,415</u>	<u>\$89,818</u>

As noted above, net position decreased mainly due to a decrease in Operating Grants and Contributions, which was mainly due to a decrease in state funding for Help Me Grow programs.

Table 2 provides a summary of the changes in net position for 2012 compared to 2011.

Table 2
Change in Net Position (Cash Basis)

	Governmental Activities	
	2012	2011
Receipts		
Program Receipts:		
Operating Grants and Contributions	\$503,829	\$611,348
Program Disbursements		
Health	541,232	580,835
Change in Net Position	(37,403)	30,513
Net Position Beginning of Year	<u>89,818</u>	<u>59,305</u>
Net Position End of Year	<u>\$52,415</u>	<u>\$89,818</u>

Governmental Activities

The Council's governmental activities include promoting and facilitating communication and collaboration among Warren County child and family serving agencies to ensure that Warren County infants, children, adolescents and their families receive appropriate and responsive services to enable youth to develop adequate skills in preparation for a successful adulthood. Some of these services are: the home visitor program is provided through the Ohio Children's Trust Fund, Help Me Grow provides prenatal support, newborn home visits, service to children with developmental concerns, and ongoing home visitation and Family Centered Services and Support (FCSS) focuses on maintaining children and youth (ages 0 through 21) in their own homes and communities by providing non-clinical home based services and support.

**Family and Children First Council, Warren County
Management Discussion and Analysis
For The Year Ended December 31, 2012**

Operating grants and contributions decreased \$107,519 due to a decrease in state funding for Help Me Grow. Expenses decreased by \$39,603 due to fewer services provided because of the decreased funding.

The Council's Funds

Total governmental funds had receipts of \$503,829 and disbursements of \$541,232. The Council experienced a decrease in receipts and disbursements in 2012 as compared to 2011.

Capital Assets and Debt Administration

Capital Assets

The Council does not currently keep track of its capital assets.

Debt

The Council does not currently have any long-term debt outstanding.

Economic Factors and Next Year's Budget

The Council maintains a conservative approach to spending while maximizing its revenues. The Council will have to review alternative methods of intergovernmental funding, since the State of Ohio's fiscal condition continues to remain uncertain and the Council's portion of state-based program revenue may be affected by the fiscal year 2014 State budget bill.

Requests for Information

This financial report is designed to provide our citizens, creditors and investors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer's Office of Warren County Educational Service Center, 1879 Deerfield Road, Lebanon, Ohio 45036.

Family and Children First Council, Warren County
Statement of Net Position - Cash Basis
December 31, 2012

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$52,415</u>
Total Assets	<u>52,415</u>
Net Position:	
Restricted for:	
Grants	15,547
Unrestricted	<u>36,868</u>
Total Net Position	<u><u>\$52,415</u></u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
 Statement of Activities - Cash Basis
 For the Fiscal Year Ended December 31, 2012

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
Governmental Activities:			
Health	\$541,232	\$503,829	(\$37,403)
Totals	<u>\$541,232</u>	<u>\$503,829</u>	<u>(37,403)</u>
		Change in Net Position	(37,403)
		Net Position - Beginning of Year	<u>89,818</u>
		Net Position - End of Year	<u>\$52,415</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2012

	<u>General</u>	<u>Help Me Grow</u>	<u>Systems of Care Grant</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>\$36,868</u>	<u>\$0</u>	<u>\$11,642</u>	<u>\$3,905</u>	<u>\$52,415</u>
Total Assets	<u>36,868</u>	<u>0</u>	<u>11,642</u>	<u>3,905</u>	<u>52,415</u>
Fund Balances:					
Restricted	0	0	11,642	3,905	15,547
Assigned	22,014	0	0	0	22,014
Unassigned	<u>14,854</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,854</u>
Total Fund Balances	<u>\$36,868</u>	<u>\$0</u>	<u>\$11,642</u>	<u>\$3,905</u>	<u>\$52,415</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Statement of Receipts, Disbursements
and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended December 31, 2012

	General	Help Me Grow	Systems of Care Grant	Other Governmental Funds	Total Governmental Funds
Receipts:					
Intergovernmental	\$62,303	\$405,458	\$30,579	\$5,489	\$503,829
Total Receipts	<u>62,303</u>	<u>405,458</u>	<u>30,579</u>	<u>5,489</u>	<u>503,829</u>
Disbursements:					
Current:					
Health	53,760	430,271	30,891	26,310	541,232
Total Disbursements	<u>53,760</u>	<u>430,271</u>	<u>30,891</u>	<u>26,310</u>	<u>541,232</u>
Net Change in Fund Balance	8,543	(24,813)	(312)	(20,821)	(37,403)
Fund Balance - Beginning of Year, Reclassified	<u>28,325</u>	<u>24,813</u>	<u>11,954</u>	<u>24,726</u>	<u>89,818</u>
Fund Balance - End of Year	<u>\$36,868</u>	<u>\$0</u>	<u>\$11,642</u>	<u>\$3,905</u>	<u>\$52,415</u>

See accompanying notes to the basic financial statements.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 1 – Reporting Entity

Section 121.37, Ohio Revised Code, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. For the year ended December 31, 2012, the Family and Children First Council, Warren County, Ohio (the Council), was an agency fund of the Warren County Educational Service Center in Warren County, Ohio (the ESC). Statutory membership of a county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of human services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
- e. The superintendent of the county board of developmental disabilities;
- f. The county's juvenile court judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.31 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986;" and,
- n. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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; and,
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Council Membership

The County's Council membership included Children's Services, Board of Alcohol & Drug Addiction Services, Board of Mental Health, Board of Developmental Disabilities, Board of County Commissioners, Juvenile Court, Department of Job & Family Services, family representatives, and the educational community. The purpose of the Family and Children First Council is to identify ways in which the child serving systems can provide services to the community in the most efficient and effective manner. A Council Coordinator has been hired to administer all of the Family and Children First programs. This person is employed on a contracted service basis with Warren County Children Services. Because these programs affect all of the agencies within the Council membership, the cost of this employee is paid from a Collaborative Fee Agreement derived from the agencies in the County. The cost of this employee is paid from the State Administrative grant received by the Council and contributions made by each of the Council agencies in the County.

Administrative Council

The Administrative Council is a governing and policy-making body. The Council is responsible for determining the need for staff positions pursuant to established goals, objectives, and policy statements. The Administrative Council is also responsible for the creation of all standing committees and task groups of the Council.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Fiscal Agent

The Warren County Educational Service Center became the Council's administrative agent on July 1, 2012. The Warren County Educational Service Center, the Council's fiscal agent, maintains Council funds in a separate agency fund.

Budgetary Process

The Council approves the budget each year and the funds are maintained within the books of the Warren County Educational Service Center.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements 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). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The most significant of the Council's accounting policies are described below.

Basis of Presentation

The Council's basic financial statements consist of government-wide statements, including a statement of net position – cash basis and a statement of activities – cash basis, and fund financial statements that provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities for the Council at year end. The Statement of Activities – Cash Basis presents a comparison between disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental financial statements is on major funds.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Council are presented in one category; governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, use and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Council's major governmental funds:

General Fund

This fund accounts for the general operating revenues and expenditures of the Council not recorded elsewhere. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Help Me Grow Special Revenue Fund

This fund is used to account for revenues and expenditures of programs that provide time-limited assistance to families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families.

Systems of Care Grant Special Revenue Fund

This fund is used to account for revenues and expenditures of programs that provide collaboration across agencies, families, and youth for the purpose of improving access and expanding the array of coordinated community-based, culturally and linguistically competent services and supports for children and youth with a serious emotional disturbance and their families.

The other governmental funds of the Council account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

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.

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

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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.

Cash and Cash Equivalents

The Warren County Educational Service Center (the ESC) is the custodian for the Council's cash and cash equivalents. The ESC's cash pool holds the Council's cash and cash equivalents, which are reported at the ESC's carrying amount. Deposit disclosures for the ESC as a whole may be obtained from the Treasurer's Office of Warren County Educational Service Center, 1879 Deerfield Road, Lebanon, Ohio 45036.

Capital Assets

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, or by State Statute.

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Note 3 – Risk Management

The Council is covered under the Warren County Educational Service Center's insurance policy.

Note 4 – 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 that might be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

Note 5 – Reclassification of Fund Balance

The State Operating Grant will be reclassified to the General Fund since the grant has no constraints on the fund balance and the major fund presentation will change due to the Council electing to present GASB 34 look-alike statements on the cash basis of accounting. These changes had the following effects on fund balance of the following major and non-major (other governmental) funds of the Council as they were previously reported.

	General Fund	Help Me Grow	Systems of Care Fund	Other Governmental Funds
Fund Balance, December 31, 2011	\$17,759	\$0	\$0	\$72,059
Change in Fund Structure	10,566	0	0	(10,566)
Change in Major Fund presentation	0	24,813	11,954	(36,767)
Fund Balance, January 1, 2012 - Reclassified	<u>\$28,325</u>	<u>\$24,813</u>	<u>\$11,954</u>	<u>\$24,726</u>

Family and Children First Council, Warren County
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 6 – Change in Accounting Principles

The Council adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 30, 1989 into GASB authoritative literature. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and net position.

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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*

Warren County Family and Children First Council
Warren County
1879 Deerfield Road
Lebanon, Ohio 45036

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 Warren County Family and Children First Council, Warren County, (the Council) as of and for the years ended December 31, 2012 and 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 October 2, 2014, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

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 opinion 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

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.

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

October 2, 2014



Dave Yost • Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL

WARREN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 16, 2014