

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

MAHONING COUNTY, OHIO

AUDIT REPORT

For the Fiscal Year Ended June 30, 2014





Dave Yost • Auditor of State

Executive Council
Mahoning County Family and Children First Council
300 East Scott Street
Youngstown, Ohio 44505

We have reviewed the *Independent Auditor's Report* of the Mahoning County Family and Children First Council, Mahoning County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

April 27, 2015

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

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INDEPENDENT AUDITOR'S REPORT

Mahoning County Family and Children First Council
Mahoning County
300 East Scott Street
Youngstown, Ohio 44505

To the Executive 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 Mahoning County Family and Children First Council, Mahoning County, Ohio (the Council), as of and for the year ended June 30, 2014, 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 described in Note 1. 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 Mahoning County Family and Children First Council, Mahoning County, Ohio, as of June 30, 2014, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 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

Supplementary and Other Information

Our audit was conducted to opine on the Council's basic financial statements taken as a whole. *Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and fund cash balances. The budgetary schedules on pages 23 to 27 are presented to supplement the financial statements. These tables and schedules provide additional analysis and are not a required part of the basic financial statements.

These tables and schedules 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 and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and schedules 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 and schedules, we applied no procedures to any other information in Management's Discussion & Analysis and the budgetary schedules, and we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2015, 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.



Charles E. Harris & Associates, Inc.
January 30, 2015

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The management's discussion and analysis of the Mahoning County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2014, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- The total net cash position of the governmental activities increased from \$128,971 to \$252,781.
- General cash receipts accounted for \$28,747 or 5.62% of total governmental activities cash receipts. Program specific cash receipts accounted for \$482,832 or 94.38% of total governmental activities cash receipts.
- The Council had \$387,769 in cash disbursements related to governmental activities; these cash disbursements were offset by program specific grants or contributions of \$482,832. General cash receipts of \$28,747 were adequate to provide for the Council's programs.
- The Council's major funds are the general fund, help me grow fund, family centered services and supports fund, Ohio children's trust fund and the JJC RECLAIM service coordination fund. The general fund had cash receipts of \$22,931 and cash disbursements of \$52,869. The general fund's cash balance decreased from \$3,420 to (\$26,518) during the year.

Using the Financial Statements

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

The statement of net 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, there are five major governmental funds; the general fund, help me grow fund, family centered services and supports fund, Ohio children's trust fund and the JJC RECLAIM service coordination 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 fiscal year 2014? These statements include *only net position* using the *cash basis of accounting*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

These two statements report the Council's net position and changes in that 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), 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), and deferred inflows and outflows of resources 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 administration and support services as well as various community and social 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 a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the general fund, help me grow fund, family centered services and supports fund, Ohio children's trust fund and the JJC RECLAIM service coordination fund. The analysis of the Council's major governmental funds begins on page 7.

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 14-22 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 fiscal years 2014 and 2013.

	Net Cash Position	
	Governmental Activities	Governmental Activities, restated
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 252,781	\$ 128,971
Total assets	<u>252,781</u>	<u>128,971</u>
<u>Net cash position</u>		
Restricted	279,588	125,551
Unrestricted	<u>(26,807)</u>	<u>3,420</u>
Total net cash position	<u>\$ 252,781</u>	<u>\$ 128,971</u>

The total net cash position of the Council's governmental activities increased \$123,810 during fiscal year 2014. Restricted net cash position represents resources that are subject to external restrictions on how they may be used. At June 30, 2014, the Council had a negative net cash position of (\$26,807) so none was unrestricted in use.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The table below shows the changes in net cash position for fiscal year 2014 and 2013.

	Change in Net Cash Position	
	Governmental Activities 2014	Governmental Activities restated 2013
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 482,832	\$ 1,116,818
Total program cash receipts	482,832	1,116,818
General cash receipts:		
Miscellaneous	28,747	47,854
Total general cash receipts	28,747	47,854
Total cash receipts	<u>511,579</u>	<u>1,164,672</u>
Cash Disbursements:		
General government	52,869	126,362
Social services	334,900	1,077,220
Total cash disbursements	<u>387,769</u>	<u>1,203,582</u>
Change in net cash position	123,810	(38,910)
Net cash position at beginning of year, restated	<u>128,971</u>	<u>167,881</u>
Net cash position at end of year, restated	<u>\$ 252,781</u>	<u>\$ 128,971</u>

Governmental Activities

As the preceding table shows, the Council experienced a significant decrease in cash receipts in fiscal year 2014, which contributed to a corresponding decrease in cash disbursements for services provided. The decrease in cash receipts was 56.08%, while cash disbursements decreased 67.78%.

The primary sources of cash receipts for governmental activities are operating grants and contributions, which comprise 94.38% of total governmental cash receipts. These cash receipts are restricted in use and are used to fund the Council's social services programs.

The largest cash disbursement of the Council is for social services. These cash disbursements totaled \$334,900 or 86.37% of total governmental cash disbursements for fiscal year 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

The statement of activities – cash basis shows the cost of program services and the program cash receipts (operating grants and contributions) offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by the Council's general cash receipts.

Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services, restated <u>2013</u>	Net Cost of Services, restated <u>2013</u>
Cash disbursements:				
General government	\$ 52,869	\$ 52,869	\$ 126,362	\$ 126,362
Social services	<u>334,900</u>	<u>(147,932)</u>	<u>1,077,220</u>	<u>(39,598)</u>
 Total	 <u>\$ 387,769</u>	 <u>\$ (95,063)</u>	 <u>\$ 1,203,582</u>	 <u>\$ 86,764</u>

The dependence upon program cash receipts for governmental activities is apparent; with over 100% and 92.3% of cash disbursements supported through program cash receipts from operating grants and contributions during 2014 and 2013, respectively.

Financial Analysis of the Government's Funds

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

Governmental Funds

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

The Council's governmental funds reported a combined fund cash balance of \$252,781, which is \$123,810 above last year's restated total of \$128,971. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2014 and 2013, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2014</u>	Fund Cash Balance, restated <u>June 30, 2013</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ (26,518)	\$ 3,420	\$ (29,938)
Help Me Grow	197,093	44,002	153,091
Family Centered Services and Support	4,655	11,291	(6,636)
Ohio Children's Trust Fund	36,028	39,436	(3,408)
JJC RECLAIM Service Coordination	41,812	30,822	10,990
Nonmajor Governmental Funds	<u>(289)</u>	<u>-</u>	<u>(289)</u>
 Total	 <u>\$ 252,781</u>	 <u>\$ 128,971</u>	 <u>\$ 123,810</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

General Fund

The general fund had cash receipts of \$22,931 and cash disbursements of \$52,869 in 2014. The general fund's cash balance decreased \$29,938 from 2013 to 2014.

Help Me Grow Fund

The help me grow fund is a Council major fund and had cash receipts, mostly state and federal grants, of \$219,881 and cash disbursements of \$66,790 in 2014. The help me grow fund cash balance increased \$153,091 from 2013 to 2014.

Family Centered Services and Supports Fund

This fund, a Council major fund, is used to account for intergovernmental receipts from the state that are restricted to support family oriented programs within the community. Cash receipts for this fund of \$106,704 were not adequate to support the program's cash disbursements of \$113,340, resulting in a decrease in fund cash balance of \$6,636.

Ohio Children's Trust Fund

The Ohio children's trust fund is a major fund used to account for intergovernmental receipts from the state that are restricted for child abuse and neglect prevention programs. Cash receipts were \$68,500 and cash disbursements were \$71,908 in 2014, resulting in a decrease in fund cash balance of \$3,408.

JJC RECLAIM Service Coordination Fund

This fund, a Council major fund, is used to account for the coordination of the Mahoning County Juvenile Justice Center's RECLAIM program. Cash receipts for this fund of \$50,000 exceeded cash disbursements of \$39,010 in 2014.

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 did not have any capital outlay disbursements during fiscal year 2014.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2014 nor 2013.

Current Financial Related Activities

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer Pangio, Fiscal Officer, Mahoning County Family and Children First Council, 300 East Scott Street, Youngstown, Ohio 44505.

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

Statement of Net Position - Cash Basis
June 30, 2014

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 252,781
Total Assets	<u>252,781</u>
Net Position	
Restricted for:	
State and federally funded programs	279,588
Unrestricted (Deficit)	<u>(26,807)</u>
Total Net Position	<u>\$ 252,781</u>

See accompanying notes to the basic financial statements

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY

Statement of Activities - Cash Basis
 For the Fiscal Year Ended June 30, 2014

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Cash Disbursements) Cash Receipts and Change in Net Cash Position
			Governmental Activities
Governmental Activities			
General Government	\$ 52,869	-	\$ (52,869)
Social Services	334,900	\$ 482,832	147,932
Total Governmental Activities	\$ 387,769	\$ 482,832	95,063
General Cash Receipts:			
Local Sources			28,747
Total General Cash Receipts			28,747
Change in Net Position			123,810
Net Position Beginning of Year, restated			128,971
Net Position End of Year			\$ 252,781

See accompanying notes to the basic financial statements

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

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2014

	<u>General</u>	<u>Help Me Grow</u>	<u>Family Centered Services and Supports</u>	<u>Ohio Children's Trust Fund</u>	<u>JJC RECLAIM Service Coordination</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ (26,518)	\$ 197,093	\$ 4,655	\$ 36,028	\$ 41,812	\$ (289)	\$ 252,781
<i>Total Assets</i>	<u>(26,518)</u>	<u>197,093</u>	<u>4,655</u>	<u>36,028</u>	<u>41,812</u>	<u>(289)</u>	<u>252,781</u>
Fund Balances							
Restricted:							
State and federally funded programs	-	197,093	4,655	36,028	41,812	-	279,588
Assigned:							
Community Services	4,398	-	-	-	-	-	4,398
Unassigned (Deficit)	<u>(30,916)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(289)</u>	<u>(31,205)</u>
<i>Total Fund Balances</i>	<u>\$ (26,518)</u>	<u>\$ 197,093</u>	<u>\$ 4,655</u>	<u>\$ 36,028</u>	<u>\$ 41,812</u>	<u>\$ (289)</u>	<u>\$ 252,781</u>

See accompanying notes to the basic financial statements

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

Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>General</u>	<u>Help Me Grow</u>	<u>Family Centered Services and Supports</u>	<u>Ohio Children's Trust Fund</u>	<u>JJC RECLAIM Service Coordination</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Receipts							
Local Sources	\$ 7,181	-	\$ 21,566	-	\$ 40,000	-	\$ 68,747
Intergovernmental - State	15,750	\$ 176,578	25,984	\$ 68,500	10,000	\$ 43,563	340,375
Intergovernmental - Federal	-	43,303	59,154	-	-	-	102,457
Total Cash Receipts	<u>22,931</u>	<u>219,881</u>	<u>106,704</u>	<u>68,500</u>	<u>50,000</u>	<u>43,563</u>	<u>511,579</u>
Cash Disbursements							
Personal Services	42,088	555	-	7,003	5,000	36,750	91,396
Community Services	10,014	63,544	113,340	63,565	33,249	3,505	287,217
Supplies and Materials	225	-	-	1,340	761	3,597	5,923
Miscellaneous	542	2,691	-	-	-	-	3,233
Total Cash Disbursements	<u>52,869</u>	<u>66,790</u>	<u>113,340</u>	<u>71,908</u>	<u>39,010</u>	<u>43,852</u>	<u>387,769</u>
Net Change in Fund Balances	(29,938)	153,091	(6,636)	(3,408)	10,990	(289)	123,810
Fund Balances Beginning of Year, restated	<u>3,420</u>	<u>44,002</u>	<u>11,291</u>	<u>39,436</u>	<u>30,822</u>	<u>-</u>	<u>128,971</u>
Fund Balances End of Year	<u>\$ (26,518)</u>	<u>\$ 197,093</u>	<u>\$ 4,655</u>	<u>\$ 36,028</u>	<u>\$ 41,812</u>	<u>\$ (289)</u>	<u>\$ 252,781</u>

See accompanying notes to the basic financial statements

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of county council consists of the following individuals:

- a. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the county board of mental retardation and developmental disabilities;
- f. The county's juvenile court judge senior in service or another judge of the juvenile court designated by the administrative judge or, where there is no administrative judge, by the judge senior in service;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the County's head start agencies, as defined in Ohio Revised Code Section 3301.31;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act Amendments of 1986";
- n. At least three individuals representing the interest of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

A county council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a county wide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the department of health for early intervention services under the "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes;
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

B. Basis of Accounting

These financial statements are prepared using the cash basis of accounting. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

The Mahoning County Family and Children First Council ("the Council") uses funds to maintain its financial records during the fiscal year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Council classifies each fund as either governmental, proprietary or fiduciary. The Council reports only governmental funds.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

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

Family Centered Services and Supports – This fund accounts for monies from the State to provide services to support and encourage family activities and memberships within the community.

Ohio Children's Trust Fund - This fund accounts for monies from the State to provide child abuse and neglect prevention programs

JJC RECLAIM Service Coordination – This fund accounts for the Council's coordination of the Mahoning County Juvenile Justice Center's RECLAIM program (Reasonable and Equitable Community and Local Alternatives to the Incarceration of Minors).

Other governmental funds of the Council are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

D. Basis of Presentation and Measurement Focus

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

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

E. Budgetary Process

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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

F. Fiscal/Administrative Agent

The Ohio Revised Code requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. Beginning July 1, 2013, the Council has selected the Mahoning County Juvenile Court (the Court). The Council authorizes the Court, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in this agreement. The Court agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of this agreement.

G. Capital Assets

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

H. Fund Cash Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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

The Council applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

I. Net Cash 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 first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 2 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The County 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 County at June 30, 2014, was \$252,781. The County is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

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

NOTE 3 – DEFINED BENEFIT PENSION PLANS

The Council contributed to both the Ohio Public Employees Retirement System (OPERS) and the School Employees Retirement System (SERS) during fiscal year 2014. The change in retirement system was associated with the change in fiscal agent for the Council which occurred on July 1, 2013. The amounts contributed to SERS during the fiscal year were for amounts withheld prior to June 30, 2013 and not paid until the current fiscal year. All amounts paid to OPERS were related to the current fiscal year's earnings.

A. Ohio Public Employees Retirement System

Plan Description - The Council contributes to the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCL YEAR ENDED JUNE 30, 2014**

NOTE 3 – DEFINED BENEFIT PENSION PLANS – (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, or by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the fiscal year ended June 30, 2014 members in the state and local divisions contributed 10% of covered payroll. The Council employed no public safety members and no law enforcement members in the fiscal year ended June 30, 2014. The Council's contribution rate for state and local members in calendar year 2013 was 13% of covered payroll. Effective January 1, 2014, the employer contribution rate for state and local members was 12% of covered payroll. The Council's required contributions for pension obligations to the Traditional Pension Plan for the year ended June 30, 2014 was \$6,015. 100% has been contributed for 2014.

B. School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14% of annual covered payroll. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05% and 0.05% of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contributions requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Council's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$734, \$104,313 and \$110,302, respectively; 100% has been contributed for each fiscal year.

NOTE 4 – POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCL YEAR ENDED JUNE 30, 2014**

NOTE 4 – POSTEMPLOYMENT BENEFITS – (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. For the fiscal year ending June 30, 2014, state and local government employers contributed at a rate of 14% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB.

OPERS’ Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1% during calendar year 2013. The portion of employer contributions allocated to healthcare for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Council’s contributions allocated to fund post-employment healthcare benefits for the year ended June 30, 2014 was \$1,002. 100% has been contributed for 2014.

Changes to the healthcare plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the healthcare fund after the end of the transition period.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 4 – POSTEMPLOYMENT BENEFITS – (Continued)

B. School Employees Retirement System

Plan Description - The Council participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The Council's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$7, \$1,274 and \$6,514, respectively; 100% has been contributed for each fiscal year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$38, \$5,893 and \$4,777, respectively; 100% has been contributed for each fiscal year.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 5 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. In prior years, the Council was named on the Mahoning County ESC's policy. Beginning July 1, 2013, the Council was named on the Mahoning County's policy with \$1,000,000 general liability coverage per occurrence and \$1,000,000 general aggregate. Settled claims have not exceeded coverage in any of the past three years.

NOTE 6 - CONTINGENCIES

A. Litigation

The Council is not currently involved in litigation.

B. Grants

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

NOTE 7 – PRIOR PERIOD ADJUSTMENT

An adjustment of prior period fund balances was necessary due to the Council electing to change fiscal agents. Prior to July 1, 2013, the Mahoning County Educational Service Center (the ESC) acted as the fiscal agent for the Council. As of July 1, 2013, the Mahoning County Juvenile Court (the Court) began acting as the Council's fiscal agent. When this transfer occurred, the accounts attributed to the Council were examined and it was found that as of June 30, 2013, a total of \$85,102 of the funds reported in the previous audit report were legally funds of the ESC. The specific fund balances affected are as follows:

	<u>General Fund</u>	<u>Help Me Grow</u>	<u>Nonmajor Governmental Funds</u>	<u>MIECHV</u>	<u>Governmental Activities</u>
Fund Cash Balance, Previously Reported at June 30, 2013	\$ 15,611	\$ 75,276	\$ 5,179	\$ 36,458	\$ 214,073
Adjustments	<u>(12,191)</u>	<u>(31,274)</u>	<u>(5,179)</u>	<u>(36,458)</u>	<u>(85,102)</u>
Restated Fund Balance, July 1, 2013	<u>\$ 3,420</u>	<u>\$ 44,002</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,971</u>

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

Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Budget and Actual - Budgetary Basis
General Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Local Sources	\$ 30,000	16,154	\$ 7,181	(8,973)
Intergovernmental - State	44,500	44,500	15,750	(28,750)
Intergovernmental - Federal	3,500	3,500	-	(3,500)
Miscellaneous	3,000	3,000	-	(3,000)
Total Budgetary Basis Receipts	<u>81,000</u>	<u>67,154</u>	<u>22,931</u>	<u>(44,223)</u>
Budgetary Basis Disbursements				
Personal Services	36,412	45,412	42,088	3,324
Community Services	30,000	27,425	14,412	13,013
Supplies and Materials	5,000	5,000	225	4,775
Miscellaneous	-	-	542	(542)
Total Budgetary Basis Disbursements	<u>71,412</u>	<u>77,837</u>	<u>57,267</u>	<u>20,570</u>
Net Change in Fund Balance	9,588	(10,683)	(34,336)	(23,653)
Fund Cash Balance Beginning of Year, restated	2,193	2,193	2,193	-
Prior Year Encumbrances Appropriated	<u>1,227</u>	<u>1,227</u>	<u>1,227</u>	<u>-</u>
Fund Cash Balance End of Year	<u>\$ 13,008</u>	<u>\$ (7,263)</u>	<u>\$ (30,916)</u>	<u>\$ (23,653)</u>

See accompanying notes to the basic financial statements

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

Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Budget and Actual - Budgetary Basis
Help Me Grow
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary Basis Receipts				
Local Sources	\$ 12,191	-	-	-
Intergovernmental - State	127,977	41,281	176,578	135,297
Intergovernmental - Federal	<u>75,030</u>	<u>120,924</u>	<u>43,303</u>	<u>(77,621)</u>
Total Budgetary Basis Receipts	<u>215,198</u>	<u>162,205</u>	<u>219,881</u>	<u>57,676</u>
Budgetary Basis Disbursements				
Personal Services	-	-	555	(555)
Community Services	121,390	65,021	128,565	(63,544)
Miscellaneous	<u>-</u>	<u>-</u>	<u>2,691</u>	<u>(2,691)</u>
Total Budgetary Basis Disbursements	<u>121,390</u>	<u>65,021</u>	<u>131,811</u>	<u>(66,790)</u>
Net Change in Fund Balance	93,808	97,184	88,070	(9,114)
Fund Cash Balance Beginning of Year, restated	36,919	36,919	36,919	-
Prior Year Encumbrances Appropriated	<u>7,083</u>	<u>7,083</u>	<u>7,083</u>	<u>-</u>
Fund Cash Balance End of Year	<u>\$ 137,810</u>	<u>\$ 141,186</u>	<u>\$ 132,072</u>	<u>\$ (9,114)</u>

See accompanying notes to the basic financial statements

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

Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Budget and Actual - Budgetary Basis
Family Centered Services and Supports
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Local Sources	\$ -	-	21,566	21,566
Intergovernmental - State	10,642	27,138	25,984	(1,154)
Intergovernmental - Federal	31,927	55,415	59,154	3,739
Total Budgetary Basis Receipts	<u>42,569</u>	<u>82,553</u>	<u>106,704</u>	<u>24,151</u>
Budgetary Basis Disbursements				
Community Services	42,569	81,681	129,973	(48,292)
Total Budgetary Basis Disbursements	<u>42,569</u>	<u>81,681</u>	<u>129,973</u>	<u>(48,292)</u>
Net Change in Fund Balance	-	872	(23,269)	(24,141)
Fund Cash Balance Beginning of Year	(18,324)	(18,324)	(18,324)	-
Prior Year Encumbrances Appropriated	<u>29,615</u>	<u>29,615</u>	<u>29,615</u>	<u>-</u>
Fund Cash Balance End of Year	<u>\$ 11,291</u>	<u>\$ 12,163</u>	<u>\$ (11,978)</u>	<u>\$ (24,141)</u>

See accompanying notes to the basic financial statements

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

Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Budget and Actual - Budgetary Basis
Ohio Children's Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Intergovernmental - State	34,250	34,250	68,500	34,250
Total Budgetary Basis Receipts	<u>34,250</u>	<u>34,250</u>	<u>68,500</u>	<u>34,250</u>
Budgetary Basis Disbursements				
Personal Services	-	-	3,425	(3,425)
Community Services	34,250	64,616	82,594	(17,978)
Supplies and Materials	-	-	2,628	(2,628)
Total Budgetary Basis Disbursements	<u>34,250</u>	<u>64,616</u>	<u>88,647</u>	<u>(24,031)</u>
Net Change in Fund Balance	-	(30,366)	(20,147)	10,219
Fund Cash Balance Beginning of Year	-	-	-	-
Prior Year Encumbrances Appropriated	<u>39,436</u>	<u>39,436</u>	<u>39,436</u>	<u>-</u>
Fund Cash Balance End of Year	<u>\$ 39,436</u>	<u>\$ 9,070</u>	<u>\$ 19,289</u>	<u>\$ 10,219</u>

See accompanying notes to the basic financial statements

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

Schedule of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Budget and Actual - Budgetary Basis
JJC RECLAIM Service Coordination
For the Fiscal Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Basis Receipts				
Local Sources	\$ 40,000	40,000	40,000	-
Intergovernmental - State	10,000	10,000	10,000	-
Total Budgetary Basis Receipts	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Budgetary Basis Disbursements				
Personal Services	-	-	5,000	(5,000)
Community Services	-	-	33,249	(33,249)
Supplies and Materials	-	-	761	(761)
Total Budgetary Basis Disbursements	<u>-</u>	<u>-</u>	<u>39,010</u>	<u>(39,010)</u>
Net Change in Fund Balance	50,000	50,000	10,990	(39,010)
Fund Cash Balance Beginning of Year	<u>30,822</u>	<u>30,822</u>	<u>30,822</u>	<u>-</u>
Fund Cash Balance End of Year	<u>\$ 80,822</u>	<u>\$ 80,822</u>	<u>\$ 41,812</u>	<u>\$ (39,010)</u>

See accompanying notes to the basic financial statements

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

**BUDGETARY NOTES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

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

	<u>General</u>	<u>Help Me Grow</u>	<u>Family Centered Services and Supports</u>	<u>Ohio Children's Trust Fund</u>	<u>JJC RECLAIM Services Coordination</u>
Budgetary basis	\$ (30,916)	\$ 132,072	\$ (11,978)	\$ 19,289	\$ 41,812
Adjustment for encumbrances	<u>4,398</u>	<u>65,021</u>	<u>16,633</u>	<u>16,739</u>	<u>-</u>
Cash basis	<u>\$ (26,518)</u>	<u>\$ 197,093</u>	<u>\$ 4,655</u>	<u>\$ 36,028</u>	<u>\$ 41,812</u>

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

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

Mahoning County Family and Children First Council
Mahoning County
300 East Scott Street
Youngstown, Ohio 44505

To the Executive 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 Mahoning County Family and Children First Council, Mahoning County, (the Council) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 23, 2015, 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.

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 2014-03 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-01 and 2014-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated January 30, 2015.

Entity's Responses to Findings

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Council's responses and accordingly, we express no opinion on them.

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.



Charles E. Harris & Associates, Inc.
January 30, 2015

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

**SCHEDULE OF FINDINGS
June 30, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2014-01 – Noncompliance

Filing of Annual Financial Reports

Ohio Rev. Code Section 117.38 requires, in part, that cash-basis entities must file annual reports with the Auditor of State. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The AOS may waive these penalties, upon the filing of the past due financial report.

The Council filed its fiscal year 2014 late on January 30, 2015.

We recommend the Council file complete financial statements with the Auditor of State within 60 days of the fiscal year end to avoid penalties.

Management Response:

These were not filed timely due to this being the first year with the Mahoning County Juvenile Court being the Administrative Agent/Fiscal Agent.

Finding Number: 2014-02 – Noncompliance

Filing of Annual Budget with Fiscal Agent

Ohio Rev. Code Section 121.37 requires, in part, that the Council shall file an annual budget with its administrative agent, with copies files with the county auditor and with the board of county commissioners, unless the board is serving as the council's administrative agent. The Council's administrative agent shall ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by state departments in rules or interagency agreements that are applicable to the Council's functions.

The Council did not file an annual budget with its administrative agent, the county auditor or the board of county commissioners for fiscal year 2014.

We recommend the Council file an annual budget with all applicable parties after approval by the Executive Council to ensure that amounts expended are free from prior encumbrance and for the purposes of the specified funds.

Management Response:

Mahoning County, Ohio runs on a calendar year. Budgets are filed with both the Mahoning County Auditor's office and the Mahoning County Commissioners using the accounting software, MUNIS, two times per year. The initial budget, for one half of the award (for June through December), is entered into the accounting software when the award is received. This budget is approved by the County Auditor's office, then sent on to the County's budget commission for final approval. The remaining budget is

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

**SCHEDULE OF FINDINGS - continued
June 30, 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2014-02 – Noncompliance (continued)

entered into the accounting software during the “next year budget entry” per the Commissioner’s office. Without a budget, no expenditures could be paid. The Auditor’s office will deny any requests for certification and/or budget over of ½ of the total award per calendar year. Mahoning County Juvenile Court can only budget Mahoning County Family and Children First Council (FCFC) funds according to Mahoning County policy. With the Mahoning County FCFC running on a state fiscal year, and Mahoning County running on a calendar year, the Mahoning County policy does not allow for an entire “annual” budget to be entered for the Mahoning County FCFC.

Finding Number: 2014-03 – Material Weakness

Mispostings and Misclassifications Resulting in Financial Statement Adjustments

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions. During 2014, these misclassifications included, but were not limited to the following:

- Records for the JJC RECLAIM Services Coordination fund were combined with the Council’s general administration fund. Although revenues and expenditures of this program were identifiable and able to be reported separately, this could lead to the expenditure of restricted funds for purposes other than those specified in the grant agreement.
- Grant funds received from the County were recorded as transfers in rather than revenue.
- Expenses for administration of the various grant funds were paid by the general fund and reflected as transfers to the general fund instead of being charged as expenses to the individual grants.
- Central coordination costs were recorded in the general fund versus the Help Me Grow fund.
- Based on an analysis of agency funds upon change in fiscal agents, it was determined that certain monies recorded as FCFC money in the past were actually monies of the Mahoning ESC.

Management agrees with these adjustments and they were adjusted in the Council’s records and the accompanying financial statements.

We recommend the Council use more caution to ensure all activities of the Council are recorded accurately. We also recommend that management review the draft financial statements to help ensure that they are supported by sufficient and accurate documentation and free of obvious errors and omissions.

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

**Schedule of Findings – (continued)
June 30, 2014**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</p>

Finding Number: 2014-03 – Material Weakness (continued)

Management Response:

- JJC RECLAIM Service Coordination Fund is tracked and monitored by a steering committee. Reports are done monthly to this committee to insure the funds are used according to the terms and conditions.
- Transfer in or operating transfer in, is a revenue account in Mahoning County's chart of accounts.
- Though expenses were paid by the general fund, the services were charged to the appropriate funding source. This is done in accordance with the grant awards and only actual services performed is reimbursed back to the general fund.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

The prior audit report, for the year ended June 30, 2013, reported no material citations or recommendations.

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Dave Yost • Auditor of State

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 7, 2015**