



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Family and Children First Council  
Mercer County  
117 West Fayette Street  
Celina, Ohio 45822

To the Family and Children First Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Family and Children First Council, Mercer County, (the Council) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements 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 opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Family and Children First Council, Mercer County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2a to the financial statements, during 2011 the Family and Children First Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter. Also as described in Note 2b, the Council restated its Special Revenue Fund Balance at January 1, 2011.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

June 27, 2013

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>
<b>Cash Receipts:</b>	
Intergovernmental	\$39,438
Local Funding	<u>2,000</u>
Total Cash Receipts	<u>41,438</u>
<b>Cash Disbursements:</b>	
Contract Services	34,110
Materials and Supplies	<u>871</u>
Total Cash Disbursements	<u>34,981</u>
Total Receipts Over (Under) Disbursements	<u>6,457</u>
Fund Cash Balance, January 1	<u>20,647</u>
<b>Fund Cash Balance, December 31:</b>	
Unassigned	<u>27,104</u>
Fund Cash Balance, December 31	<u><u>\$27,104</u></u>

*The notes to the financial statements are an integral part of this statement.*

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCE (CASH BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>
<b>Cash Receipts:</b>	
Intergovernmental	\$39,438
Local Funding	5,000
Total Cash Receipts	<u>44,438</u>
<b>Cash Disbursements:</b>	
Contract Services	30,677
Materials and Supplies	351
Total Cash Disbursements	<u>31,028</u>
Total Receipts Over (Under) Disbursements	<u>13,410</u>
Fund Cash Balance, January 1	<u>7,237</u>
<b>Fund Cash Balance, December 31:</b>	
Unassigned	<u>20,647</u>
Fund Cash Balance, December 31	<u><u>\$20,647</u></u>

*The notes to the financial statements are an integral part of this statement.*

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

- a. At least three individuals whose families are or have received services from an agency which is represented on the council. If possible, twenty percent of the council's membership should consist of members representing families.
- b. The director of the community mental health board.
- c. The director of the ADAMH board. For counties served by a joint ADAMH board, the joint board's director must designate a member to participate on the county's council.
- d. A representative from each city board of health and general health district in the county. If there are more than two health districts, then the membership is limited to the commissioners of the two districts with the largest populations.
- e. The director of the county department of human services.
- f. The executive director of the county children's services board.
- g. The superintendent for the county board of DD.
- h. The administrative or the judge senior in service or his designee for the county's juvenile court.
- i. The superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the county.
- j. The school superintendent representing all other school districts within the territory in the county, as designated at a biennial meeting of the superintendents of those districts.
- k. A representative of the municipal corporation with the largest population in the county.
- l. The chair of the board of county commissioners or a designee.
- m. A representative from the regional office of the Ohio Department of Youth Services.
- n. A representative of the county's head start agencies.
- o. A representative of the county's early intervention collaborative.
- p. A representative of the local nonprofit entity that funds, advocates or provides services to children and families.

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.

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**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 when possible, or invents new approaches to achieve better results for families and children;
- d. Participate in the development of a countywide, comprehensive, coordinated, multidisciplinary, 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 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

**Council**

In late 1994, the Mercer County Cluster voted to become a Family and Children First Council. The State Government was encouraging the establishments of such Councils throughout Ohio.

It had been proposed the Mercer County Coalition and Family and Children First Council merge. Three other groups were also interested in joining the merger; MECA's Coalition (the early child collaborative), the Juvenile Justice Task Force begun by judges and commissioners and Child and Family Health Services Consortium.

In January 1996, the Family and Children First Council, MECA, the Mercer County Coalition, the Justice Task Force and the Child and Family Health Services combined in an effort to improve utilization of available resources, strengthen service delivery, provide a broader based community response and reduce duplication of services. The new name for the coalition is: Community Organizations Linking Together (COLT). COLT's Mission is: "to promote the delivery of effective and efficient services to meet the needs of Mercer County Residents through the organization of existing resources."

**Mission/Advisory Council**

COLT's Advisory Council is made up of the seventeen mandated members of the previous Family and Children First Council, three local mandated members and seven members selected by the committees of COLT from other community coalitions.

The Mission Advisory Council functions as the Mercer County Family and Children First Council, Mercer Early Childhood Agency County Collaborative Group and the Justice Task Force.

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Mission Advisory Council serves as a clearinghouse of information and acts as a linkage resource for all COLT committees. Meetings of the general membership may be called by the Co-chairs of the Mission Advisory Council on a semi-annual basis.

Activity and decisions made by the Mission Advisory Council shall reflect the agendas developed by the committees.

The Mission Advisory Council facilitates a teamwork concept with the committees of COLT and acts as an overseer of committees to avoid duplication of effort.

Each member of the mission Advisory Council is also a member of at least one of the COLT committees.

Composition of the Mission Advisory Council shall be representative of the Mercer County community.

Election of officers occurs annually in January. Terms run for one year. Officers may serve in the same position for a maximum of three years. Officers include two Co-chairs of the Mission Advisory Council and a Secretary.

The Mission Advisory Council, through its officers and members set meeting dates at the beginning of each year. Additional meetings can be called as needed at the discretion of the Co-chairs.

Ad hoc committees are established on an as needed basis.

Each member of the Mission Advisory Council has one vote. The membership list and designee list is developed and maintained on an annual basis by the Mission Advisory Council. No official action can take place unless a quorum of members is in attendance. A quorum is considered to be at least ten members from the COLT membership list.

Adoption of the By-laws, and any amendments, shall be considered when the identified committees have formally approved the document, and when 2/3 of the Mission Advisory Council Members have voted to approve the document.

**Committees**

The primary working body of COLT is the six standing committees.

**Transportation:** to assist in identifying employment opportunities and promote the availability of transportation services to Mercer County residents.

**Education and Public Relations:** to promote education and enhance publicity and community understanding of COLT, its mission and its efforts.

**Health:** to promote the general physical, emotional, psychological and behavioral health and welfare of the community through collaboration with area providers and agencies.

**Community Corrections:** to develop a community corrections sanctions program through the collaborative efforts of existing area providers and agencies.

**Family Services Planning:** to receive community input and plan for welfare reform.

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Family and Children First Advisory Committee:** to be a liaison between COLT and the Family and Children First Council, to meet quarterly with the Family and Children First Director and review reports and financial data.

**B. Fiscal Agent**

The Mercer County Educational Service Center (ESC) Treasurer has been designated by the Council to serve as the fiscal agent as of May 8, 1997. Council funds are maintained in separate agency funds at the ESC.

**C. Administrative Agent**

As of July 1, 1997, the Mercer County Education Service Center Superintendent has been designated by the Council to serve as the administrative agent.

**D. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. 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, as prescribed or permitted by the Auditor of State.

**E. Cash and Investments**

The Council's cash is held and invested by the Mercer County Educational Service Center Treasurer, who is the custodian for the Council monies. The Council's assets are held in the cash and investment pools, and are valued at the Treasurer's reported carrying amount.

**F. Fund Accounting**

The Council maintains its accounting records in accordance with the principles of fund accounting. 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 are reflected in a self-balancing group of accounts. The Council classifies its fund into the following type.

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

The Council had the following sources of funding:

**Administration Grant:** Funds are received from the Administration Grant for which the ESC is the fiscal agent and the revenue is recorded as the General Fund of the Council.

**Local Funding:** Local agencies contribute funds for the Council Coordinator's salary and for client related expenses.

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. 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:

**1. Non-spendable**

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

**2. 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.

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board amends 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.

**4. 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 Board or a Council official delegated that authority by resolution, or by State Statute.

**5. 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.

**H. Property, Plant and Equipment**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

**A. Change in Accounting Principle**

For fiscal year 2011, the Council implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

**B. Restatement of Fund Balance**

In the prior year, the Council recorded the Help Me Grow funds on their financial statements which should have been included on the financial statements of the Administrative Agent, which is the Mercer County Educational Service Center. The restatement had the following effect on fund balance previously recorded:

<b>Special Revenue Fund</b>	
Fund Balance at December 31, 2010	\$159,196
Change in Recording of Grant Funds	<u>(159,196)</u>
Restated Fund Balance at December 31, 2010	<u><u>\$0</u></u>

**3. RISK MANAGEMENT**

**Commercial Insurance**

The Council has obtained commercial insurance for the following risks:

- Errors and omissions.



# Dave Yost • Auditor of State

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

Family and Children First Council  
Mercer County  
117 West Fayette Street  
Celina, Ohio 45822

To the Family and Children First 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 Family and Children First Council, Mercer County, (the Council) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2013, wherein we noted the Council adopted the provisions of Government Accounting Standards Board Statement No. 54 *Fund Balance and Governmental Fund Type Definitions* for the year ended December 31, 2011. Also as disclosed in Note 2B, the Council restated the beginning fund balances for their Special Revenue Fund Type as of January 1, 2011. We also noted the Council followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, described in Note 1.

### ***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 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.

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

June 27, 2013

**FAMILY AND CHILDREN FIRST COUNCIL  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Proper classification of financial activity.	No Longer Valid	Clarification of administrative agent

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# Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL**

**MERCER 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  
JULY 23, 2013**