



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Union County
940 London Avenue, Suite 1700
Marysville, Ohio 43040

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Family and Children First Council, Union County, Ohio (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 fairly 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 year 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 the Family and Children First Council, Union County, Ohio 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 1 to the financial statements, during 2011 the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 8, 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

August 8, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Federal awards | \$ - | \$ 53,211 | \$ 53,211 |
| Intergovernmental | 44,939 | 62,161 | 107,100 |
| Administrative Fees | 13,650 | - | 13,650 |
| Miscellaneous | 2,000 | - | 2,000 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 60,589 | 115,372 | 175,961 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Supplies | 27 | - | 27 |
| Contracts - Services | 28,107 | 125,155 | 153,262 |
| Travel | 322 | - | 322 |
| Other | 21,974 | - | 21,974 |
| | <hr/> | <hr/> | <hr/> |
| Total Disbursements | 50,430 | 125,155 | 175,585 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 10,159 | (9,783) | 376 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1 | 32,557 | 118,341 | 150,898 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 108,558 | 108,558 |
| Assigned | 78 | - | 78 |
| Unassigned | 42,638 | - | 42,638 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$ 42,716</u> | <u>\$ 108,558</u> | <u>\$ 151,274</u> |

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

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Federal awards | \$ - | \$ 55,747 | \$ 55,747 |
| Intergovernmental | 77,135 | 126,754 | 203,889 |
| Administrative Fees | 16,768 | - | 16,768 |
| Miscellaneous | 3,015 | - | 3,015 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 96,918 | 182,501 | 279,419 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Supplies | 108 | 1,902 | 2,010 |
| Contracts - Services | 63,992 | 141,915 | 205,907 |
| Travel | 490 | 322 | 812 |
| Advertising and printing | - | 939 | 939 |
| Other | 16,416 | 7,464 | 23,880 |
| | <hr/> | <hr/> | <hr/> |
| Total Disbursements | 81,006 | 152,542 | 233,548 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 15,912 | 29,959 | 45,871 |
| | <hr/> | <hr/> | <hr/> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | 1,746 | - | 1,746 |
| Transfers-Out | - | (1,746) | (1,746) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | 1,746 | (1,746) | - |
| | <hr/> | <hr/> | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 17,658 | 28,213 | 45,871 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1 | 14,899 | 90,128 | 105,027 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 118,341 | 118,341 |
| Unassigned | 32,557 | - | 32,557 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$ 32,557</u> | <u>\$ 118,341</u> | <u>\$ 150,898</u> |

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

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 1 Reporting Entity/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 required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

- a. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

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

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

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

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

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Council's financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

D. Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

Ohio Child Trust Fund – This fund is used to account for receipts and disbursements of the Council's Ohio Child Trust Grant.

E. Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Union County Commissioners to serve as the administrative agent from January 1, 2011 through July 2011. From July 2011 to December 31, 2012 the Union County General Health District was designated the administrative agent. The Council authorizes Union County Auditor, as fiscal agent and the Union County General Health District as 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 the agreements. The Union County Auditor and the Union County General Health District agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

F. Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Union County Commissioners and Union County General Health District as required by Ohio law.

A summary of 2012 and 2011 budgetary activity appears in Note 2.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

G. Cash and Investments

The Council designated the Union County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Union County Treasurer and fund expenditures and balances are reported through the Union County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

I. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

J. Fund Balance

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

Nonspendable – The 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 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 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 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 administrative/fiscal agent the authority to constrain monies for intended purposes.

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

J. Fund Balance (Continued)

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 the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

Note 2 Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

| 2012 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$58,215 | \$60,589 | \$2,374 |
| Special Revenue | 140,000 | 115,372 | (24,628) |
| Total | \$198,215 | \$175,961 | (\$22,254) |

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$53,167 | \$50,430 | \$2,737 |
| Special Revenue | 237,035 | 125,155 | 111,880 |
| Total | \$290,202 | \$175,585 | \$114,617 |

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$75,249 | \$98,664 | \$23,415 |
| Special Revenue | 195,465 | 182,501 | (12,964) |
| Total | \$270,714 | \$281,165 | \$10,451 |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$96,961 | \$81,006 | \$15,955 |
| Special Revenue | 191,845 | 154,288 | 37,557 |
| Total | \$288,806 | \$235,294 | \$53,512 |

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

Note 3 Equity in Pooled Cash and Investments

The Union County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Union County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Union County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

| | | |
|---------------------------------|------------------|------------------|
| | <u>2012</u> | <u>2011</u> |
| Demand deposits and investments | <u>\$151,274</u> | <u>\$150,898</u> |

The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

Note 4 Risk Management

Commercial Insurance

For January 2011 through July 2011, the Council was covered under Union County's insurance policy. Effective August 2011 through the present, the Council is covered under the Union County General Health District's insurance policy. Insurance coverage includes:

- Comprehensive property and general liability
- 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
Union County
940 London Avenue, Suite 1700
Marysville, Ohio 43040

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Family and Children First Council, Union County, Ohio (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 August 8, 2013, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. In addition, we noted that in 2011 the Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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 2012-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

August 8, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
UNION COUNTY**

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

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

FINDING NUMBER 2012-001

MATERIAL WEAKNESS

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

Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definition*" was implemented on the December 31, 2012 and 2011 financial statements. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The following reclassifications were made to the December 31, 2012 and 2011 financial statements and to the client's accounting records, where applicable:

1. A reclassification in the amount of \$28,107 and \$61,191 to Contract services disbursements from Salaries, Insurance, Public Employees' Retirement, Worker's Compensation, and Medicare disbursements in the General fund to properly classify the Council Coordinator's salary and benefits at December 31, 2012 and 2011, respectively. The Coordinator is not an employee of the Council, but the Administrative Agent. There is a contract between the Council and the Administrative Agent stating that the Council Coordinator will be provided by the Administrative Agent.
2. A reclassification in the amount of \$14,142 to Contract Services disbursements from Other disbursements in the Ohio Children's Trust fund to properly classify expenditures incurred as part of contracts with other County agencies at December 31, 2011.
3. A reclassification in the amount of \$42,638 to report the unencumbered balance of the General fund at December 31, 2012 as unassigned instead of assigned.
4. Reclassifications in the amounts of \$108,558 and \$118,341 to report the fund balance of the Ohio Children's Trust and Help Me Grow funds at December 31, 2012 and 2011, respectively, as restricted instead of assigned and unassigned fund balance.

By not properly classifying fund balances and disbursements, this results in inaccurate financial reports being disseminated to the governing board and management as well as financial statement readers.

The reclassifications identified during the audit should be reviewed by the Council's Fiscal Officer and Members of Council to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Council should review the financial statements and note disclosures to identify and correct errors and omissions.

Officials' Response:

The General Health District, as the administrative agent for the Family & Children First Council, will work with the County Auditor, Council, and other pertinent parties to improve communication and fiscal management among, and reporting by, the agencies and parties.

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Dave Yost • Auditor of State

UNION COUNTY FAMILY AND CHILDREN FIRST COUNCIL

UNION 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
NOVEMBER 7, 2013**