



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

To the Family and Children First Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Family and Children First Council, Noble 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, Noble 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 2 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 September 9, 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

September 9, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Intergovernmental	\$15,750	\$127,678	\$143,428
<i>Total Cash Receipts</i>	<u>15,750</u>	<u>127,678</u>	<u>143,428</u>
Cash Disbursements			
Current:			
Coordinator Contract	13,090	3,638	16,728
Travel Expenses	643		643
Supplies and Materials	229	4,347	4,576
Rental Expense	600		600
Parent Representative	700		700
Contracted Services		158,257	158,257
Other	1,561		1,561
<i>Total Cash Disbursements</i>	<u>16,823</u>	<u>166,242</u>	<u>183,065</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(1,073)</u>	<u>(38,564)</u>	<u>(39,637)</u>
<i>Net Change in Fund Cash Balances</i>	(1,073)	(38,564)	(39,637)
<i>Fund Cash Balances, January 1</i>	<u>(1,648)</u>	<u>58,004</u>	<u>56,356</u>
Fund Cash Balances, December 31			
Restricted		19,440	19,440
Unassigned (Deficit)	<u>(2,721)</u>		<u>(2,721)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$2,721)</u></u>	<u><u>\$19,440</u></u>	<u><u>\$16,719</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts			
Intergovernmental	\$15,750	\$156,137	\$171,887
<i>Total Cash Receipts</i>	<u>15,750</u>	<u>156,137</u>	<u>171,887</u>
Cash Disbursements			
Current:			
Coordinator Contract	15,300	3,230	18,530
Travel Expenses	758		758
Supplies and Materials	447		447
Audit Fees	4,991		4,991
Rental Expense	300		300
Parent Representative	900		900
Contracted Services		119,459	119,459
<i>Total Cash Disbursements</i>	<u>22,696</u>	<u>122,689</u>	<u>145,385</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(6,946)</u>	<u>33,448</u>	<u>26,502</u>
<i>Net Change in Fund Cash Balances</i>	(6,946)	33,448	26,502
<i>Fund Cash Balances, January 1</i>	<u>5,298</u>	<u>24,556</u>	<u>29,854</u>
Fund Cash Balances, December 31			
Restricted		58,004	58,004
Unassigned (Deficit)	(1,648)		(1,648)
<i>Fund Cash Balances, December 31</i>	<u>(\$1,648)</u>	<u>\$58,004</u>	<u>\$56,356</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another County's Council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's 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 Addiction, and Mental Health Services covers more than one county, the Director may designate a person to participate on the County's Council;
- b. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and 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;
- 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 Department of Education, which shall notify each Board of County Commissioners 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 Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Section 3301.32 of the Revised Code;

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

- 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.

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. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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, as the Auditor of State prescribes or permits.

C. Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

1. General

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Fund – This fund receives a blended pool of grant funds to be used for an early intervention program to aid children ages one through three for developing social skills and interaction with other children.

FCSS Fund – This fund receives grant funds to be used in order to provide treatment for needy children and to furnish the families of these children with the necessities to maintain family stability.

Children's Trust Fund – This fund receives grant funds to be used to provide child abuse and neglect awareness education and pay cost of home visits by a Service Coordinator.

D. 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. Nonspendable

The Council classifies assets as *nonspendable* 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

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

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 Council Trustees or a Council official delegated that authority by resolution, or by State Statute.

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Balance (Continued)

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.

E. Administrative and Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires each County's Council to designate an administrative agent for the Council. The Noble County Department of Job and Family Services served as administrative agent for the Council until July 1, 2012 when the Noble County Health Department became the administrative agent, and the Noble County Auditor is the designated fiscal agent for the Noble County Health Department. Noble County maintains the Council's funds in an Agency Fund on the County's financial records. The administrative agent agrees to:

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

2. Change in Accounting Principle

For fiscal year 2011, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE COUNTY**

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

3. Equity in Pooled Deposits and Investments

The Council's cash is maintained by the Noble County Treasurer. The Ohio Revised Code prescribes allowable deposits and the County is responsible for compliance. The carrying amount of cash at December 31 was as follows:

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$ 16,719</u>	<u>\$ 56,356</u>

All risks associated with such deposits are the responsibility of Noble County.

4. Risk Management

The Council is insured through the Noble County Commissioners for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and,
- Errors and omissions.

5. Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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
Noble County
38 Olive Street, P.O. Box 250
Caldwell, Ohio 43724

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 the Family and Children First Council, Noble 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 September 9, 2013, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted the Council has adopted Government Accounting Standards Board Statement No.54.

Internal Control Over Financial Reporting

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

September 9, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE 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

Pursuant to suggestions in Auditor of State Bulletin 98-007, the fiscal agent (Noble County Auditor) should establish separate funds within its accounting system to maintain Family and Children First Council (FCFC) activity (i.e., one fund for all unrestricted monies of the FCFC and one fund for each source of restricted monies of the FCFC. While FCFC activity should be presented as an Agency Fund of the fiscal agent for year-end reporting purposes, it may be necessary for the fiscal agent to maintain the activity in another fund (i.e., General Fund or Special Revenue Fund) in order to maintain integrated budget and actual information throughout the year.

The Noble County Department of Job and Family Services (Administrative Agent through June 30, 2012) for the FCFC maintained a computerized cashbook of which was organized by account rather than by fund level. This accounting system did not segregate and summarize activity for restricted revenues and the related expenditures. The fiscal agent (Noble County Auditor) maintained one Agency Fund for all FCFC activity. As a result, reports prepared for auditors, grantors and pass-through agencies was not always accurate or contain accurate beginning or ending fund balances. The Administrative Agent (Department of Job and Family Services through June 30, 2012) had to prepare annual reports from a co-mingled Agency Fund and administrative agent cashbook posting in 2011 and part of 2012.

We recommend the Noble County Auditor's Office (fiscal agent) establish an accounting system which demonstrates legal compliance and follows a documented chart of accounts appropriate for its particular activities and supported by appropriate subsidiary ledgers/journals. This system should account for restricted revenues and the related disbursements in separate funds and summarize financial data for easy preparation of reports and documentation of the reported amounts. This will ensure the completeness and accuracy of financial amounts that are rolled up to the financial statements. Refer to Auditor of State Bulletin 98-007 for any additional guidance. The General Health District of Noble County became the administrative agent starting July 1, 2012. The General Health District maintains an accounting system for the Family and Children First Council that allows for the summarization of financial data.

Officials' Response:

This issue was corrected upon the Noble County General Health District becoming the administrative agent.

**FAMILY AND CHILDREN FIRST COUNCIL
NOBLE 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; <i>Explain</i>
2010-001	Material Weakness - The FCFC establish an accounting system which demonstrates legal compliance and follows a documented chart of accounts supported by ledgers.	No	Partially Corrected, we re-issued as Finding 2012-001.



Dave Yost • Auditor of State

NOBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

NOBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 3, 2013**