



Dave Yost • Auditor of State

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Portage Family & Children's First Council
Portage County
449 South Meridian Street
Ravenna, Ohio 44266-1208

To the Executive Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Portage Family & Children First Council, Portage 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 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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

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 the Portage Family & Children First Council, Portage 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 1 to the financial statements, 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 July 10, 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

July 10, 2013

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Grants	\$49,803	\$45,244	\$95,047
<i>Total Cash Receipts</i>	<u>49,803</u>	<u>45,244</u>	<u>95,047</u>
Cash Disbursements			
Contractual Services	64,645	45,244	109,889
<i>Total Cash Disbursements</i>	<u>64,645</u>	<u>45,244</u>	<u>109,889</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,842)</u>	<u>0</u>	<u>(14,842)</u>
<i>Fund Cash Balances, January 1</i>	<u>65,944</u>	<u>0</u>	<u>65,944</u>
Fund Cash Balances, December 31			
Unassigned (Deficit)	51,102	0	51,102
<i>Fund Cash Balances, December 31</i>	<u><u>\$51,102</u></u>	<u><u>\$0</u></u>	<u><u>\$51,102</u></u>

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

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Grants	\$56,039	\$45,551	\$101,590
<i>Total Cash Receipts</i>	<u>56,039</u>	<u>45,551</u>	<u>101,590</u>
Cash Disbursements			
Contractual Services	54,947	45,551	100,498
<i>Total Cash Disbursements</i>	<u>54,947</u>	<u>45,551</u>	<u>100,498</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,092</u>	<u>0</u>	<u>1,092</u>
<i>Fund Cash Balances, January 1</i>	<u>64,852</u>	<u>0</u>	<u>64,852</u>
Fund Cash Balances, December 31			
Unassigned (Deficit)	65,944	0	65,944
<i>Fund Cash Balances, December 31</i>	<u><u>\$65,944</u></u>	<u><u>\$0</u></u>	<u><u>\$65,944</u></u>

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

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE 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 county council consists of the following individuals:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of job and family services;
4. The executive director of the county agency responsible for the administration of children services pursuant to section 5153.15 of the Revised Code;
5. The superintendent of the county board of department of developmental disabilities;
6. The county's juvenile court judge serves as an advisor;
7. 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;
8. 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;
9. A representative of the municipal corporation with the largest population in the county;
10. The chair of the board of county commissioners, or an individual designated by the board;
11. A representative of the regional office of the department of youth services;
12. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code;
13. 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";
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families;
15. At least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

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 councils' statutory responsibilities include the following:

1. Refer to the cabinet council those children for whom the council cannot provide adequate services;
2. 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;
3. 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;

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

4. Participate in the development of a county wide, 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 early intervention services under the "Individuals with Disabilities Education Act of 2004";
5. Maintain an accountability system to monitor the council's progress in achieving its purposes;
6. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system. The Portage Family and Children First Council (the Council) was organized with the statutory membership on July 27, 1995. The Council's management believes these financial statements present all activities for which the Council is financially accountable.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits and Investments

As required by the Ohio Revised Code, the Portage County Treasurer is custodian for the Council's deposits. The County's deposit and investment pool holds the Council's assets, valued at the Treasurer's reported carrying amount. The Council's carrying amount of cash on deposit with the County at December 31, 2012, was \$51,102; and at December 31, 2011, was \$65,944.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Fund:

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

Child Safety & Protection Grant Fund – Funds are distributed to Ohio Counties to be used for primary and secondary child abuse/neglect prevention programs at the local level.

E. Budgetary Process

The County Council designated the Director of Job and Family Services as the administrative agent for the Council. The Council files an annual budget with its administrative agent, with copies filed with the Portage County Auditor and with the Portage County Board of County Commissioners.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

F. 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

The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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 Council or a Council official delegated that authority by resolution, or by State Statute.

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

1. Summary of Significant Accounting Policies (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.

G. Property, Plant, and Equipment

The Council records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For fiscal year 2011, the Council reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported:

3. Budgetary Activity

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

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,042	\$49,803	(\$6,239)
Special Revenue	45,551	45,244	(307)
Total	\$101,593	\$95,047	(\$6,546)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,629	\$64,645	\$23,984
Special Revenue	45,551	45,244	307
Total	\$134,180	\$109,889	\$24,291

**PORTAGE FAMILY & CHILDREN FIRST COUNCIL
PORTAGE COUNTY**

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

3. Budgetary Activity – (Continued)

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,361	\$56,039	(\$1,322)
Special Revenue	45,551	45,551	0
Total	\$102,912	\$101,590	(\$1,322)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,361	\$54,947	\$12,414
Special Revenue	45,551	45,551	0
Total	\$112,912	\$100,498	\$12,414

4. Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require funding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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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

Portage Family & Children's First Council
Portage County
449 South Meridian Street
Ravenna, Ohio 44266-1208

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 Portage Family & Children First Council, Portage 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 July 10, 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. In addition, we noted the Council implemented Governmental 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 Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 10, 2013



Dave Yost • Auditor of State

PORTAGE FAMILY & CHILDREN FIRST COUNCIL

PORTAGE 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
SEPTEMBER 03, 2013**