



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Family and Children First Council  
Richland County  
171 Park Avenue East  
Mansfield, Ohio 44902

To the Council:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of the Family and Children First Council, Richland County, Ohio (the Council), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the remaining fund information of the Family and Children First Council, Richland County, Ohio, as of December 31, 2014, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matter**

*Other Information*

We applied no procedures to the Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016, 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 27, 2016

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED**

The management's discussion and analysis of the Richland County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2014, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- The total net cash position of the governmental activities increased \$82,522, which represents a 9.56% increase from fiscal year 2013.
- The Council had \$1,096,750 in cash disbursements related to governmental activities; all of these cash disbursements were offset by program specific grants or contributions.
- The Council's major funds are the General Fund and the Help Me Grow Fund. The General Fund had cash receipts of \$822,327 in 2014. The cash disbursements of the General Fund totaled \$720,869 in 2014. The General Fund's cash balance increased \$101,458 from 2013 to 2014.
- The Help Me Grow Fund had cash receipts of \$310,000 in 2014 and cash disbursements of \$313,686. The Help Me Grow Fund's cash balance decreased \$3,686.

**Using these Basic Financial Statements (BFS)**

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

The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, the General Fund and the Help Me Grow fund are the only two major governmental funds. The Council had one nonmajor governmental fund.

**Reporting the Council as a Whole**

***Statement of Net Position and the Statement of Activities***

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2014?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

These two statements report the Council's net position and changes in net cash position on a cash basis. This change in net cash position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and State programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis, the governmental activities includes the Council's programs and services including subsidy services and other community services.

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 9-10 of this report.

**Reporting the Council's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for its financial transactions. However, these financial statements focus on the Council's most significant funds. The Council's only major governmental funds are the General Fund and the Help Me Grow Fund. The analysis of the Council's major governmental funds begins on page 7.

***Governmental Funds***

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 11-12 of this report.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-18 of this report.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

**Government-Wide Financial Analysis**

Recall that the statement of net position - cash basis provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash position for 2014 and 2013.

	<b>Net Cash Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 945,975	\$ 863,453
Total assets	945,975	863,453
<u>Net Position</u>		
Restricted	50,979	54,665
Unrestricted	894,996	808,788
Total net position	\$ 945,975	\$ 863,453

The total net cash position of the Council's governmental activities increased \$82,522 from fiscal year 2013. The balance of government-wide unrestricted net cash position of \$894,996 may be used to meet the Council's ongoing obligations to citizens and creditors.

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

	<b>Change in Net Cash Position</b>	
	Governmental Activities 2014	Governmental Activities 2013
<b>Cash Receipts:</b>		
Program cash receipts:		
Operating grants and contributions	\$ 1,179,272	\$ 966,907
Total program cash receipts	1,179,272	966,907
Total cash receipts	1,179,272	966,907
<b>Cash Disbursements:</b>		
Subsidy services	1,077,356	1,021,862
Other community services	19,394	39,055
Total cash disbursements	1,096,750	1,060,917
Change in net cash position	82,522	(94,010)
Net cash position at beginning of year	863,453	957,463
Net cash position at end of year	\$ 945,975	\$ 863,453

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

**Governmental Activities**

Governmental cash position increased \$82,522 in 2014 from 2013. Total governmental cash disbursements of \$1,096,750 were offset by program cash receipts of \$1,179,272.

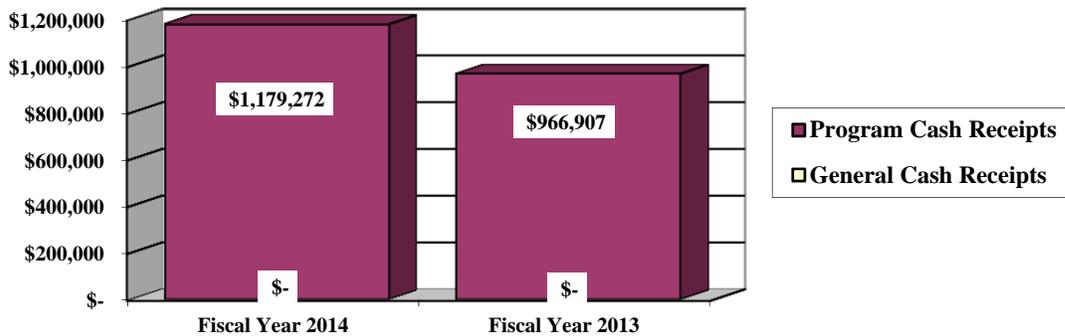
The primary sources of cash receipts for governmental activities are derived from operating grants and contributions.

The largest cash disbursement of the Council is for subsidy services. These cash disbursements totaled \$1,077,356 or 98.23% of total governmental cash disbursements for fiscal year 2014.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013.

	<b>Governmental Activities</b>			
	Total Cost of Services 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
Cash disbursements:				
Subsidy services	\$ 1,077,356	\$ (79,792)	\$ 1,021,862	\$ 90,157
Other community services	19,394	(2,730)	39,055	3,853
<b>Total</b>	<b>\$ 1,096,750</b>	<b>\$ (82,522)</b>	<b>\$ 1,060,917</b>	<b>\$ 94,010</b>

**Governmental Activities - General and Program Cash Receipts**



**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)

**Financial Analysis of the Government's Funds**

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

***Governmental Funds***

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

The Council's governmental funds reported a combined fund cash balance of \$945,975, which is \$82,522 above last year's total of \$863,453. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2013 and 2014, for all major and nonmajor governmental funds.

	Fund Cash Balance (Deficit) <u>December 31, 2014</u>	Fund Cash Balance (Deficit) <u>December 31, 2013</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 920,782	\$ 819,324	\$ 101,458
Help Me Grow	50,979	54,665	(3,686)
Other Nonmajor Governmental Funds	<u>(25,786)</u>	<u>(10,536)</u>	<u>(15,250)</u>
Total	<u>\$ 945,975</u>	<u>\$ 863,453</u>	<u>\$ 82,522</u>

***General Fund***

The General Fund had cash receipts of \$822,327 in 2014. The cash disbursements of the General Fund totaled \$720,869 in 2014. The General Fund's cash balance increased \$101,458 from 2013 to 2014 due to an increase in grant funding.

***Help Me Grow Fund***

The Help Me Grow Fund, a Council major fund had cash receipts of \$310,000 in 2014. The Help Me Grow Fund had cash disbursements of \$313,686 in 2014. The Help Me Grow Fund cash balance decreased \$3,686 from 2013 to 2014. The Help Me Grow Fund had a increase in cash receipts of \$43,843 from \$266,157 to \$310,000 and an increase in cash disbursements of \$7,555 from 2013 to 2014. The Council received an increase in grant funding during 2014.

**Capital Assets and Debt Administration**

***Capital Assets***

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Council had no capital outlay disbursements during fiscal year 2014.

***Debt Administration***

The Council had no long-term debt obligations outstanding at December 31, 2014 and 2013.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
UNAUDITED  
(Continued)**

**Current Financial Related Activities**

The Council is reviewed by its members and the community to determine how they can realize efficiency and service gap filling. Agencies are challenged to improve the way services are delivered by striving towards a seamless service delivery system. The Council is constantly assessing needs of its members and acting to facilitate the provision of services cost-effectively.

**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Carmen Torrence, Business Administrator, Richland County Job and Family Services, 171 Park Avenue East, Mansfield, Ohio 44902.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS  
DECEMBER 31, 2014**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 945,975
 <b>Net cash position:</b>	
Restricted for:	
State and federally funded programs. . . . .	\$ 50,979
Unrestricted. . . . .	894,996
 Total net cash position . . . . .	\$ 945,975

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2014

		<u>Program Cash Receipts</u>	<u>Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position</u>
	<u>Cash Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Governmental activities:</b>			
Subsidy services . . . . .	\$ 1,077,356	\$ 1,157,148	\$ 79,792
Other community services . . .	19,394	22,124	2,730
Totals. . . . .	<u>\$ 1,096,750</u>	<u>\$ 1,179,272</u>	<u>82,522</u>
Change in net cash position . . . . .			82,522
<b>Net cash position at beginning of year. . . . .</b>			<u>863,453</u>
<b>Net cash position at end of year . . . . .</b>			<u>\$ 945,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Cash assets:</b>				
Equity (deficit) in pooled cash and cash equivalents.	\$ 920,782	\$ 50,979	\$ (25,786)	\$ 945,975
<b>Fund cash balances:</b>				
Restricted for State and Federal grants. . . . .	\$ -	\$ 50,979	\$ -	\$ 50,979
Unassigned (deficit). . . . .	920,782	-	(25,786)	894,996
Total fund cash balances (deficit) . . . . .	<u>\$ 920,782</u>	<u>\$ 50,979</u>	<u>\$ (25,786)</u>	<u>\$ 945,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Fund</u>	<u>Total Governmental Funds</u>
<b>Cash receipts:</b>				
Federal receipts . . . . .	\$ 364,137	\$ 111,905	\$ 35,209	\$ 511,251
State receipts . . . . .	277,688	198,095	11,736	487,519
Local agency receipts. . . . .	180,502	-	-	180,502
Total cash receipts . . . . .	<u>822,327</u>	<u>310,000</u>	<u>46,945</u>	<u>1,179,272</u>
<b>Cash disbursements:</b>				
Subsidy services . . . . .	701,475	313,686	62,195	1,077,356
Other community services . . . . .	19,394	-	-	19,394
Total cash disbursements . . . . .	<u>720,869</u>	<u>313,686</u>	<u>62,195</u>	<u>1,096,750</u>
Net change in fund cash balances. . . . .	101,458	(3,686)	(15,250)	82,522
<b>Fund cash balances (deficit) at beginning of year .</b>	<u>819,324</u>	<u>54,665</u>	<u>(10,536)</u>	<u>863,453</u>
<b>Fund cash balances (deficit) at end of year . .</b>	<u>\$ 920,782</u>	<u>\$ 50,979</u>	<u>\$ (25,786)</u>	<u>\$ 945,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**NOTE 1 - DESCRIPTION OF THE COUNCIL**

Ohio Revised Code Section 121.37, created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of a 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 Addiction, 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 service agency or the County agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Mental Retardation and 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.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 1 - DESCRIPTION OF THE COUNCIL - (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 the following:

- a. Referrals to the Cabinet Council 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 of children;
- c. Participate in the development of a county wide, comprehensive, coordinated, multi-disciplinary, interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the “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.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.B., these financial statements for the Richland County Family and Children First Council (the “Council”) are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Council’s accounting policies:

**A. Reporting Entity**

A reporting entity is comprised of the primary government 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 various services including human, social, health and educational services to families and children. The Council, the Executive Committee and the Executive Director have direct responsibility for these activities.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Basis of Accounting**

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in this paragraph.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements.

**C. Fund Accounting**

The Council uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Council reports only governmental funds.

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

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

Help Me Grow - This fund receives Federal and State funds to implement and maintain a coordinated, community-based infrastructure that promotes trans-disciplinary, family-centered services for expectant parents, newborns, infants and toddlers and their families.

Other governmental funds of the Council are used to account for grants and other resources whose use is restricted to an expenditure for specified purposes.

**D. Basis of Presentation and Measurement Focus**

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

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**E. Budgetary Process**

The Ohio Revised Code Section 121.37 (B)(4) requires the Council to file an annual budget with its administrative agent. For fiscal year 2014, a budget was prepared and filed based on the administrative agency (Richland County Job and Family Services) fiscal year, July 1, 2013 through June 30, 2014.

**F. Administrative/Fiscal Agent**

Section 121.37 (B)(5)(a) of the Ohio Revised Code, requires each county council to designate an administrative agent to provide fiscal and administrative services to the Council. Richland County Job and Family Services (the "County") serves as the Council's administrative agent. The County maintains the Council as an agency fund on their financial records. The administrative agent agrees to:

1. Serve as the Council's appointing authority;
2. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and,
3. Perform the following on behalf of Council; but only upon the expressed approval of and direction by Council;
  - Enter into written 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.
  - Receive by gift, grant, devise or bequest any moneys, land or other property for the purposes for which the Council is established.

**G. Capital Assets**

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

**H. Fund Cash Balance**

The Council reports classifications of fund cash balance based on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council's highest level of decision-making authority, Cabinet Council.

Assigned - amounts that are constrained by the Council's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Council's formal purchasing procedure by the fiscal agent. Through the Council's purchasing policy, the Cabinet Council has given the fiscal agent the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Council applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Council considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**I. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The Council has no net position restricted by enabling legislation.

The Council first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

**J. Contracted Services**

The Council director is an employee of Richland County and paid directly by the Council. The assistant of the Council is a paid employee of the City of Mansfield and the Council reimburses the cost of her payroll to the City of Mansfield. The funds used to pay their salaries are derived from a State Administrative grant and local agency membership contributions received by the Council and maintained by the County.

**NOTE 3 - EQUITY IN POOLED CASH**

The Richland County Treasurer's Office maintains a depository which includes the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the fiscal agent at December 31, 2014, was \$945,975. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the fiscal agents pooled and deposits accounts.

**NOTE 4 - CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding 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.

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(Continued)**

**NOTE 5 – RISK MANAGEMENT**

Insurance for comprehensive property and general liability is provided by the Council's administrative agent.



# 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  
Richland County  
171 Park Avenue East  
Mansfield, Ohio 44902

To 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 the governmental activities, each major fund, and the remaining fund information of the Family and Children First Council, Richland County, (the Council) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated July 27, 2016.

### ***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, flowing style.

**Dave Yost**  
Auditor of State  
Columbus, Ohio

July 27, 2016

FAMILY AND CHILDREN FIRST COUNCIL  
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014

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>
2013-001	Financial Statement Presentation - Material Weakness	Yes	

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# Dave Yost • Auditor of State

**RICHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**RICHLAND 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  
AUGUST 16, 2016**