



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITORS' REPORT

Family and Children First Council
Belmont County
310 Fox-Shannon Place
St. Clairsville, Ohio 43950

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, Belmont 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 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 Family and Children Council, Belmont 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 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 May 13, 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

May 13, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT 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	\$15,750	\$227,122	\$242,872
<i>Total Cash Receipts</i>	<u>15,750</u>	<u>227,122</u>	<u>242,872</u>
Cash Disbursements			
Current:			
Contractual Services		290,819	290,819
<i>Total Cash Disbursements</i>	<u>0</u>	<u>290,819</u>	<u>290,819</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>15,750</u>	<u>(63,697)</u>	<u>(47,947)</u>
Other Financing Receipts (Disbursements)			
Other Financing Sources		31,718	31,718
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>31,718</u>	<u>31,718</u>
<i>Net Change in Fund Cash Balances</i>	15,750	(31,979)	(16,229)
<i>Fund Cash Balances, January 1</i>	<u>2,500</u>	<u>13,729</u>	<u>16,229</u>
Fund Cash Balances, December 31			
Restricted	0	7,139	7,139
Unassigned (Deficit)	<u>18,250</u>	<u>(25,389)</u>	<u>(7,139)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$18,250</u></u>	<u><u>(\$18,250)</u></u>	<u><u>\$0</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT 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	\$15,750	\$333,439	\$349,189
<i>Total Cash Receipts</i>	<u>15,750</u>	<u>333,439</u>	<u>349,189</u>
Cash Disbursements			
Current:			
Contractual Services	15,750	343,114	358,864
<i>Total Cash Disbursements</i>	<u>15,750</u>	<u>343,114</u>	<u>358,864</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>(9,675)</u>	<u>(9,675)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,500</u>	<u>23,404</u>	<u>25,904</u>
Fund Cash Balances, December 31			
Restricted	0	13,729	13,729
Unassigned (Deficit)	2,500	0	2,500
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,500</u></u>	<u><u>\$13,729</u></u>	<u><u>\$16,229</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT 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 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 its County Council. Each County Council must include the following individuals:

1. At least three individuals whose families are or have received services from an agency which is represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services (ADAMH) that serves the County, or, in the case of a County that has an ADAMH Board and a Community Mental Health Board, the Directors of both Boards. If the ADAMH Board covers more than one County, the Director may designate a person to participate on the County's Council;
3. 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 more than two health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the County agency responsible for the administration of children's services pursuant to Ohio Rev. Code Section 5153.15;
6. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
7. The Superintendent of the city, exempted village, or local school district with the largest numbers of pupils residing in the County, as determined by the Ohio Department of Education 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 President of the Board of County Commissioners, or an individual designated by the Board;
11. A representative from the regional office of the Ohio Department of Youth Services;

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT 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)

12. A representative of the County's Head Start Agencies, as defined in Ohio Rev. Code Section 3301.31;
13. A representative of the County's Early Intervention Collaborative established pursuant to the federal early intervention program operated under the "Education of the Handicapped Act of 1986"; and
14. A representative of a local nonprofit entity that funds, advocates or provides services to children and families.

A County Council's statutory responsibilities include the following:

1. Refer to the Cabinet Council those children for whom the Council cannot provide adequate services;
2. Develop and implement 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;
3. Participate 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";
4. Maintain an accountability system to monitor the Council's progress in achieving results for families and children; and
5. Establish 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 and investments that are restricted as to use. The Council classifies its funds into the following types:

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

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.

2. Special Revenue Funds

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

Help Me Grow Fund - This fund receives federal and state monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits, and support from other parents.

D. Fiscal and Administrative Agent

Ohio Revised Code Section 121.37(B)(4) requires each County's Council to designate an administrative agency for the Council. The Belmont County Department of Job and Family Services serves as administrative agent for the Council, and the Belmont County Auditor is the designated fiscal agent for the Belmont County Department of Job and Family Services. Belmont County maintains the Council's funds in a Special Revenue 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 the Council:
 - Enters into written agreements or administer contracts with public or private entities to fulfill 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, and or other property for the purposes for which the Council is established.

E. Fund Deficits

The Help Me Grow Fund, Special Revenue Fund type, had a negative fund balance at December 31, 2012 of \$25,389. This was a result of delays in grant reimbursements by one of the Council's grantor agencies.

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

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.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
BELMONT COUNTY**

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

2. Change in Accounting Principle

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

3. Equity in Pooled Cash

In accordance with the Ohio Revised Code, the Council's cash is held and invested by the Belmont County Treasurer, who acts as custodian for the Council's monies. The Council's assets are held in the County's cash and investment pool, and are valued at the Treasurer's reported carrying amount. The County Treasurer is responsible for securing and maintaining adequate collateral for all funds in the Belmont County cash and investment pool.

4. Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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.

5. Other Financing Sources

The accompanying financial statements reflect Other Financing Sources receipts advanced to the Council from the Council's administrative agent which are to be repaid to the administrative agent upon receipt of outstanding grant draw requests from the Ohio Department of Health.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Family and Children First Council
Belmont County
310 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Members of 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, Belmont 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 May 13, 2013, wherein we noted the Council has adopted Governmental Accounting Standards Board No. 54. We also noted the Council followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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

May 13, 2013



Dave Yost • Auditor of State

FAMILY AND CHILDREN FIRST COUNCIL-BELMONT COUNTY

BELMONT 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
MAY 28, 2013**