

***MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2012 & 2011





Dave Yost • Auditor of State

Members of the Council
Marion County Family and Children First Council
125 Executive Drive, Suite 100
Marion, Ohio 43302

We have reviewed the *Report of Independent Accountants* of the Marion County Family and Children First Council, Marion County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Marion County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 6, 2013

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2012 & 2011**

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REPORT OF INDEPENDENT ACCOUNTANTS

Marion County Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Marion County Family and Children First Council, Marion 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 fair 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 Marion County Family and Children First Council, Marion 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 5 to the financial statements, in 2011 the Council adopted 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 3, 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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.

May 3, 2013

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2012

	Governmental Fund Types		Total-Memorandum Only
	General	Special Revenue	
Receipts:			
Intergovernmental	\$ 98,468	\$ 255,634	\$ 354,102
Miscellaneous	402	-	402
Total Receipts	98,870	255,634	354,504
Disbursements:			
Salaries	26,276	-	26,276
Fringes	4,093	-	4,093
Contractual Services	55,892	264,408	320,300
Rent	1,800	-	1,800
Travel	925	-	925
Supplies and Materials	404	-	404
Miscellaneous	229	-	229
Total Disbursements	89,619	264,408	354,027
Total Receipts Over/(Under) Disbursements	9,251	(8,774)	477
Fund Cash Balance, January 1, 2012	78,403	44,651	123,054
Fund Balances:			
Restricted	-	35,877	35,877
Assigned	1,456	-	1,456
Unassigned	86,198	-	86,198
Fund Cash Balance, December 31, 2012	\$ 87,654	\$ 35,877	\$ 123,531

See Accompanying Notes to The Financial Statements.

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types		Total-Memorandum Only
	General	Special Revenue	
Receipts:			
Intergovernmental	\$ 129,563	\$ 296,153	\$ 425,716
Miscellaneous	9,736	-	9,736
Total Receipts	139,299	296,153	435,452
Disbursements:			
Salaries	28,555	-	28,555
Fringes	4,642	-	4,642
Insurance	175	-	175
Contractual Services	78,734	314,272	393,006
Rent	4,050	-	4,050
Travel	598	-	598
Supplies and Materials	899	-	899
Miscellaneous	5,178	-	5,178
Total Disbursements	122,831	314,272	437,103
Total Receipts Over/(Under)			
Disbursements	16,468	(18,119)	(1,651)
Fund Cash Balance, January 1, 2011	61,935	62,770	124,705
Fund Balances:			
Restricted	-	44,651	44,651
Assigned	1,752	-	1,752
Unassigned	76,651	-	76,651
Fund Cash Balance, December 31, 2011	\$ 78,403	\$ 44,651	\$ 123,054

See Accompanying Notes to The Financial Statements.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended 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 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 percent of the Council's membership;
- b. The Director of 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 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 county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Mental Retardation and Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

A. **DESCRIPTION OF THE ENTITY** – (Continued)

- h. 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;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;
- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. 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 Amendments of 1986"; and
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

The County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the 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;

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (Continued)

A. **DESCRIPTION OF THE ENTITY** – (Continued)

- 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 “Education of the Handicapped Act Amendments of 1986”;
- 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. **BASIS OF ACCOUNTING**

The Council prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. **FUND ACCOUNTING**

The Council maintains its accounting records in accordance with the principles of “Fund” accounting. 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, an accounting entity, which stands separate from the activities reported in other funds.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

C. **FUND ACCOUNTING** – (Continued)

The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Council. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources that are restricted to expenditures for specific purposes. The Council has the following significant Special Revenue funds:

- Help Me Grow Fund- This fund receives federal monies to provide families with services and support such as prenatal visits, newborn visits, ongoing home visits and support from other parents.
- Ohio Children's Trust Fund- This fund receives grant monies to provide community based human services programs for child abuse and neglect prevention.

D. **BUDGETARY PROCESS**

The Council files an annual estimate of expenditures and revenue with Marion County, as required by Ohio law. This estimate is adopted by the Council and the Marion County Commissioners. The Council and County Commissioners approve any changes made to this estimate during the year. The County Commissioners ensure that the Council's expenditures do not exceed appropriations.

E. **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.

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.

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (Continued)

E. **FUND BALANCE** - (Continued)

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.

F. **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment acquisitions are recorded as expenses when paid, rather than being capitalized.

G. **ADMINISTRATIVE AGENT**

The Marion County Board of County Commissioners is the designated administrative agent for the Council. The Marion County Auditor is the designated fiscal agent for the Council. The Council's funds are maintained by the County in separate agency funds.

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)**

	<u>2012</u>	<u>2011</u>
Demand Deposits	<u>\$123,531</u>	<u>\$123,054</u>

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

3. **BUDGETARY ACTIVITY**

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

<u>Fund:</u>	<u>2012 Budgeted vs Actual Receipts</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 91,522	\$ 98,870	\$7,348
Special Revenue Funds	298,384	255,634	(42,750)

<u>Fund:</u>	<u>2012 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
General Fund	\$ 114,321	\$ 91,075	\$23,246
Special Revenue Funds	382,591	300,283	82,308

<u>Fund:</u>	<u>2011 Budgeted vs Actual Receipts</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General Fund	\$ 137,313	\$ 139,299	\$1,986
Special Revenue Funds	396,854	296,153	(100,701)

<u>Fund:</u>	<u>2011 Budgeted vs Actual Budgetary Basis Disbursements</u>		
	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
General Fund	\$ 158,868	\$ 124,583	\$34,285
Special Revenue Funds	405,453	353,829	51,624

**MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2012 and 2011**

4. RISK MANAGEMENT

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

- Comprehensive property and general liability
- Valuable papers and records
- Errors and omissions

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the past fiscal year.

5. CHANGE IN ACCOUNTING PRINCIPLE

For 2011, the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

6. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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

Marion County Family and Children First Council
Marion County
125 Executive Drive, Suite 100
Marion, Ohio 43302

To Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Marion County Family and Children First Council, Marion 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 May 3, 2013, wherein we noted the Council followed a special purpose framework the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Council implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

Internal Control Over Financial Reporting

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

Marion County Family and Children First Council
Marion County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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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.

Charles E. Harris and Associates

Charles E. Harris and Associates, Inc.

May 3, 2013

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MARION COUNTY, OHIO
For the Years Ended December 31, 2012 and 2011

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-MARFC-01	Material weakness/noncompliance- Beginning cash balances overstated	Yes	



Dave Yost • Auditor of State

MARION COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MARION 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
JUNE 20, 2013