



Dave Yost • Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Cash Basis .....	9
Statement of Activities – Cash Basis.....	10
Statement of Cash Basis Assets and Fund Balances	
Governmental Funds.....	11
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances	
Governmental Funds .....	12
Notes to the Basic Financial Statements .....	13
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Richland County Family and Children First Council  
Richland County  
445 Bowman Street  
P.O. Box 1986  
Mansfield, Ohio 44901

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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 aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio, as of December 31, 2011, and the respective changes in cash financial position, thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 3, during 2011 the Council adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Council's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net cash assets, changes in net cash assets, governmental activities and governmental funds. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

**Dave Yost**  
Auditor of State

March 16, 2012

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(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, 2011, 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 2011 are as follows:

- The total net cash assets of the governmental activities increased \$87,275, which represents an 11.39% increase over fiscal year 2010.
- The Council had \$1,001,537 in cash disbursements related to governmental activities;\$1,088,353 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 \$289,123 in 2011. The cash disbursements of the General Fund totaled \$211,126 in 2011. The General Fund's cash balance increased \$77,997 from 2010 to 2011.
- The Help Me Grow Fund had cash receipts of \$711,769 in 2011 and cash disbursements of \$728,867. The Help Me Grow Fund's cash balance decreased \$17,098.

**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 Assets - 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 two nonmajor governmental funds.

**Reporting the Council as a Whole**

***Statement of Net Assets and the Statement of Activities***

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2011?" These statements include *only net assets* 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, 2011  
(UNAUDITED)**

These two statements report the Council's net assets and changes in those assets on a cash basis. This change in net cash assets 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 Assets - 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 Assets - 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 assets and fund cash balances or changes in net assets 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, 2011  
(UNAUDITED)

**Government-Wide Financial Analysis**

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

The table below provides a summary of the Council's net cash assets for 2011 and 2010.

	<b>Net Cash Assets</b>	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 853,314	\$ 766,039
Total assets	<u>853,314</u>	<u>766,039</u>
<u>Net Assets</u>		
Restricted	78,056	67,257
Unrestricted	<u>775,258</u>	<u>698,782</u>
Total net assets	<u>\$ 853,314</u>	<u>\$ 766,039</u>

The total net cash assets of the Council's governmental activities increased \$87,275 from fiscal year 2010. The balance of government-wide unrestricted net cash assets of \$775,258 may be used to meet the Council's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2011 and 2010.

	<b>Change in Net Cash Assets</b>	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Operating grants and contributions	\$ 1,088,353	\$ 1,133,736
Total program cash receipts	<u>1,088,353</u>	<u>1,133,736</u>
General cash receipts:		
Investment earnings	<u>459</u>	<u>866</u>
Total general cash receipts	<u>459</u>	<u>866</u>
Total cash receipts	<u>1,088,812</u>	<u>1,134,602</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)

**Cash Disbursements:**

Subsidy services	992,346	1,070,581
Other community services	<u>9,191</u>	<u>12,845</u>
Total cash disbursements	<u>1,001,537</u>	<u>1,083,426</u>
Change in net cash assets	87,275	51,176
Net cash assets at beginning of year	<u>766,039</u>	<u>714,863</u>
Net cash assets at end of year	<u>\$ 853,314</u>	<u>\$ 766,039</u>

**Governmental Activities**

Governmental cash assets increased \$87,275 in 2011 from 2010. Total governmental cash disbursements of \$1,001,537 were offset by program cash receipts of \$1,088,353 and general cash receipts of \$459.

The primary sources of cash receipts for governmental activities are derived from operating grants and entitlements. These revenue sources represent 99.96% of total governmental cash receipts.

The largest cash disbursement of the Council is for subsidy services. These cash disbursements totaled \$992,346 or 99.08% of total governmental cash disbursements for fiscal year 2011.

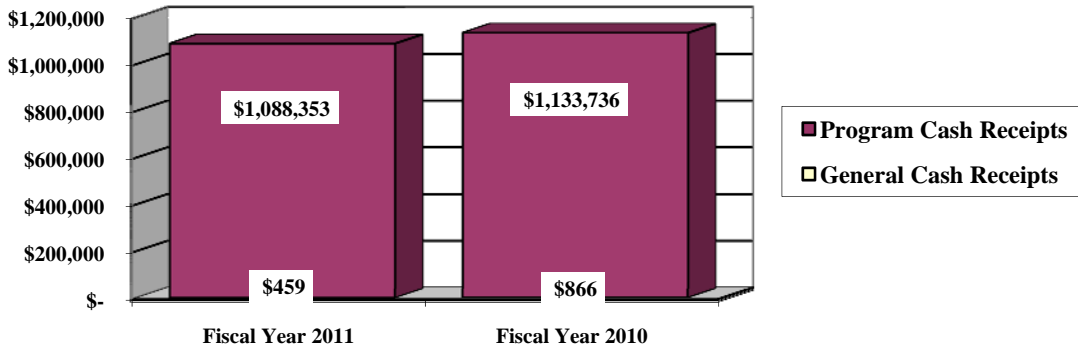
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by investment receipts.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>
Cash disbursements:				
Subsidy services	\$ 992,346	\$ (84,366)	\$ 1,070,581	\$ (49,608)
Other community services	<u>9,191</u>	<u>(2,450)</u>	<u>12,845</u>	<u>(702)</u>
Total	<u>\$ 1,001,537</u>	<u>\$ (86,816)</u>	<u>\$ 1,083,426</u>	<u>\$ (50,310)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)

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



**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 \$853,314, which is \$87,275 above last year's total of \$766,039. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2011 and 2010, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2011</u>	<u>Fund Cash Balance</u> <u>December 31, 2010</u>	<u>Increase</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 776,779	\$ 698,782	\$ 77,997
Help Me Grow	38,056	55,154	(17,098)
Other Nonmajor Governmental Funds	<u>38,479</u>	<u>12,103</u>	<u>26,376</u>
Total	<u>\$ 853,314</u>	<u>\$ 766,039</u>	<u>\$ 87,275</u>

**General Fund**

The General Fund had cash receipts of \$289,123 in 2011. The cash disbursements of the General Fund totaled \$211,126 in 2011. The General Fund's cash balance increased \$77,997 from 2010 to 2011.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(UNAUDITED)

***Help Me Grow Fund***

The Help Me Grow Fund, a Council major fund had cash receipts of \$711,769 in 2011. The Help Me Grow Fund had cash disbursements of \$728,867 in 2011. The Help Me Grow Fund cash balance decreased \$17,098 from 2010 to 2011. The Help Me Grow Fund had a decrease in cash receipts of \$42,898 from 2010 to 2011 and a decrease in cash disbursements of \$27,995 from 2010 to 2011. The Help Me Grow Fund had an increase in funding in 2010 related to the American Recovery and Reinvestment Act (ARRA) grants. The Council received less grant funding during 2011.

**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 2011.

***Debt Administration***

The Council had no long-term debt obligations outstanding at December 31, 2011 and 2010.

**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 Jones, Business Administrator, Richland County Job and Family Services, 171 Park Avenue East, Mansfield, Ohio 44903.

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

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 853,314
<b>Net cash assets:</b>	
Restricted for:	
State and federally funded programs . . . . .	\$ 38,056
Other purposes . . . . .	40,000
Unrestricted . . . . .	775,258
Total net cash assets . . . . .	\$ 853,314

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

	Cash Disbursements	Program Cash Receipts	Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets
		Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>			
Subsidy services. . . . .	\$ 992,346	\$ 1,076,712	\$ 84,366
Other community services. . . . .	9,191	11,641	2,450
<b>Totals . . . . .</b>	<b>\$ 1,001,537</b>	<b>\$ 1,088,353</b>	<b>86,816</b>
<b>General Receipts:</b>			
Investment receipts . . . . .			459
Change in net cash assets. . . . .			87,275
<b>Net cash assets at beginning of year. . . . .</b>			<b>766,039</b>
<b>Net cash assets at end of year . . . . .</b>			<b>\$ 853,314</b>

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, 2011

	<u>General</u>	<u>Help Me Grow</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Cash assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 776,779	\$ 38,056	\$ 38,479	\$ 853,314
<b>Fund cash balances:</b>				
Restricted for State and Federal grants . . . . .	\$ -	\$ 38,056	\$ -	\$ 38,056
Restricted for other purposes. . . . .	-	-	40,000	40,000
Unassigned. . . . .	776,779	-	(1,521)	775,258
Total fund cash balances . . . . .	<u>\$ 776,779</u>	<u>\$ 38,056</u>	<u>\$ 38,479</u>	<u>\$ 853,314</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, 2011

	<b>General</b>	<b>Help Me Grow</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Cash receipts:</b>				
Federal receipts. . . . .	\$ -	\$ 181,416	\$ 27,230	\$ 208,646
State receipts. . . . .	-	530,353	20,690	551,043
Local agency receipts. . . . .	288,664	-	40,000	328,664
Earnings on investments. . . . .	459	-	-	459
Total cash receipts . . . . .	<u>289,123</u>	<u>711,769</u>	<u>87,920</u>	<u>1,088,812</u>
<b>Cash disbursements:</b>				
Subsidy services. . . . .	204,302	726,500	61,544	992,346
Other community services. . . . .	6,824	2,367	-	9,191
Total cash disbursements . . . . .	<u>211,126</u>	<u>728,867</u>	<u>61,544</u>	<u>1,001,537</u>
Net change in fund cash balances. . . . .	77,997	(17,098)	26,376	87,275
<b>Fund cash balances at beginning of year.</b>	<u>698,782</u>	<u>55,154</u>	<u>12,103</u>	<u>766,039</u>
<b>Fund cash balances at end of year . . . .</b>	<u>\$ 776,779</u>	<u>\$ 38,056</u>	<u>\$ 38,479</u>	<u>\$ 853,314</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, 2011**

**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. 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the county board of developmental disabilities;
- f. 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;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the department of education, which shall notify each 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 largest city in the county;
- j. The chair of the board of county commissioners, or an individual designated by the Board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the County's head start agencies, as defined in Ohio Revised Code Section 3301.31;
- m. 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";
- n. 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; and,

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 1 - DESCRIPTION OF THE COUNCIL - (Continued)**

- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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.

A county family and children first council's statutory responsibilities include the following:

- a. Refer to the cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;
- d. 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 "Education of the Handicapped Act Amendments of 1986";
- e. Maintain an accountability system to monitor the council's progress in achieving its purposes; and,
- f. Establish 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, 2011

**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, State and local 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 or committed 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, 2011

**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 2011, a budget was prepared and filed based on the administrative agency (Mansfield City School District's) fiscal year, July 1, 2010 through June 30, 2011.

**F. Administrative/Fiscal Agent**

Section 121.37 (B)(4) of the Ohio Revised Code, requires each county council to designate an administrative agent for the council. From January 1, 2011 through June 30, 2011, the Mansfield City School District served as the Council's administrative agent. Effective July 1, 2011, Richland County (the "County") began serving 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011

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

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.

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 Assets**

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

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

**J. Contracted Services**

Effective December 1, 2011, 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 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2011, the Council has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 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. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES - (Continued)**

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Council.

**NOTE 4 - 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, 2011, was \$853,314. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the County's investment accounts.

**NOTE 5 - 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.



# Dave Yost • Auditor of State

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

Richland County Family and Children First Council  
Richland County  
445 Bowman Street  
P.O. Box 1986  
Mansfield, Ohio 44901

To the Members of Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Richland County Family and Children First Council, Richland County, Ohio (the Council), as of and for the year ended December 31, 2011, which collectively comprise the Council's basic financial statements and have issued our report thereon dated March 16, 2012 wherein we noted the Council follows the cash accounting basis and adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Council's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Council's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion 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*.

We did note a certain matter not requiring inclusion in this report that we reported to the Council's management in a separate letter dated March 16, 2012.

We intend this report solely for the information and use of management, Council, and others within the Council. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

March 16, 2012





# 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  
APRIL 10, 2012**