

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

Financial Statements
(Audited)

For The Fiscal Year Ended
June 30, 2007

CYNTHIA LENGYEL, TREASURER



Mary Taylor, CPA

Auditor of State

Executive Committee
Mahoning County Family and Children First Council
100 DeBartolo Place, Suite 105
Youngstown, Ohio 44512

We have reviewed the *Independent Auditor's Report* of the Mahoning County Family and Children First Council, Mahoning County, prepared by Julian & Grube, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

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 Mahoning County Family and Children First Council is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 10, 2008

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

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 9
Government-Wide Financial Statements:	
Statement of Net Assets - Cash Basis	10
Statement of Activities - Cash Basis.....	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	12 - 13
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	14 - 15
Notes to the Basic Financial Statements.....	16 - 21
Supplementary Data:	
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balance - Budget and Actual (Budgetary Basis) - General Fund.....	22
Help Me Grow	23
21 st Century Community	24
Ohio Children’s Trust.....	25
Help Me Grow Per Capita Reimbursements	26
Schedule of Receipts and Expenditures of Federal Awards	27
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28 - 29
Report on Compliance With Requirements Applicable to Each of Its Major Programs and Internal Control Over Compliance In Accordance With <i>OMB Circular A-133</i>	30 - 31
Schedule of Findings and Responses <i>OMB Circular A-133 §.505</i>	32 - 33



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise the Mahoning County Family and Children First Council's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mahoning County Family and Children First 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the Mahoning County Family and Children First Council prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, as of June 30, 2007, and the respective changes in its cash basis financial position thereof for the fiscal year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2007, on our consideration of the Mahoning County Family and Children First Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mahoning County Family and Children First Council
Mahoning County
Page Two

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

For the budgetary comparison information, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mahoning County Family and Children First Council's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of receipts and expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
October 18, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The management's discussion and analysis of the Mahoning County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2007, 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 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 2007 are as follows:

- The total net cash assets of the governmental activities decreased \$235,598, which represents a 61.23% decrease from fiscal year 2006.
- General cash receipts accounted for \$123,842 or 6.44% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,797,837 or 93.56% of total governmental activities cash receipts.
- The Council had \$2,157,277 in cash disbursements related to governmental activities; \$1,797,837 of these cash disbursements were offset by program specific grants or contributions. Program revenues and general cash receipts were not adequate to provide for these programs.
- The Council's major funds are the general fund, Help Me Grow fund, 21st Century Community fund, Ohio Children's Trust fund, and the Help Me Grow Per Capita Reimbursements fund. The general fund had cash receipts of \$143,842 in 2007. The cash disbursements of the general fund, totaled \$209,154 in 2007. The general fund's cash balance decreased \$65,312 from 2006 to 2007.

Using the Financial Statements

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, there are five major governmental funds, the general fund, Help Me Grow fund, 21st Century Community fund, Ohio Children's Trust fund, and the Help Me Grow Per Capita Reimbursements fund.

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 2007? These statements include *only net assets* using the *cash basis of accounting*, which is a comprehensive 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 instruction, support services and other non-instructional services.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 10-11 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 a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General Fund, Help Me Grow fund, 21st Century Community fund, Ohio Children's Trust fund, and Help Me Grow Per Capita Reimbursements fund. The analysis of the Council's major governmental funds begins on page 8.

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 comprehensive 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 12-15 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 16-21 of this report.

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 2007 and 2006.

	Net Cash Assets	
	Governmental Activities <u>2007</u>	Governmental Activities <u>2006</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 149,162	\$ 384,760
Total assets	<u>149,162</u>	<u>384,760</u>
<u>Net Assets</u>		
Restricted	135,429	305,715
Unrestricted	<u>13,733</u>	<u>79,045</u>
Total net assets	<u>\$ 149,162</u>	<u>\$ 384,760</u>

The total net cash assets of the Council's governmental activities decreased \$235,598 from fiscal year 2006. The balance of government-wide unrestricted net cash assets of \$13,733 may be used to meet the government's ongoing obligations to citizens and creditors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

The table below shows the changes in net cash assets for fiscal year 2007 and 2006.

	Change in Net Cash Assets	
	Governmental Activities	Governmental Activities
	<u>2007</u>	<u>2006</u>
Cash Receipts:		
Program cash receipts:		
Operating grants and contributions	\$ 1,797,837	\$ 2,304,002
Total program cash receipts	<u>1,797,837</u>	<u>2,304,002</u>
General cash receipts:		
Miscellaneous	<u>123,842</u>	<u>43,940</u>
Total general cash receipts	<u>123,842</u>	<u>43,940</u>
Total cash receipts	<u>1,921,679</u>	<u>2,347,942</u>
Cash Disbursements:		
General government	209,154	40,982
Social services	<u>1,948,123</u>	<u>2,197,478</u>
Total cash disbursements	<u>2,157,277</u>	<u>2,238,460</u>
Change in net cash assets	(235,598)	109,482
Net cash assets at beginning of year	<u>384,760</u>	<u>275,278</u>
Net cash assets at end of year	<u>\$ 149,162</u>	<u>\$ 384,760</u>

Governmental Activities

Governmental cash assets decreased by \$235,598 in 2007 from 2006. Total governmental cash disbursements of \$2,157,277 were offset by program cash receipts of \$1,797,837 and general cash receipts of \$123,842. The decrease is a result of less operating grants and contributions in fiscal 2007.

The primary sources of cash receipts for governmental activities are derived from restricted grants and contributions. These receipt sources represent 93.56% of total governmental cash receipts.

The largest cash disbursement of the Council is for social services. These cash disbursements totaled \$1,948,123 or 90.30% of total governmental cash disbursements for fiscal 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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 2007 and 2006. That is, it identifies the cost of these services supported by unrestricted state grants and entitlements.

Governmental Activities

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Cash disbursements:				
General government	\$ 209,154	\$ 189,154	\$ 40,982	\$ 20,982
Social services	<u>1,948,123</u>	<u>170,286</u>	<u>2,197,478</u>	<u>(86,524)</u>
 Total	 <u>\$ 2,157,277</u>	 <u>\$ 359,440</u>	 <u>\$ 2,238,460</u>	 <u>\$ (65,542)</u>

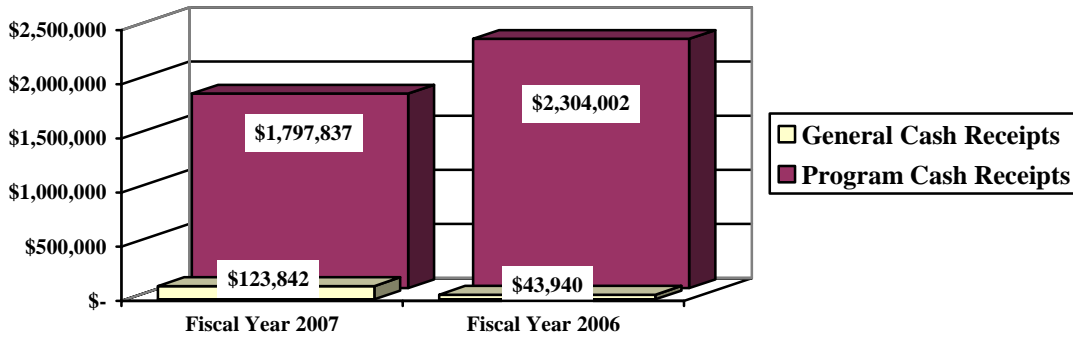
The dependence upon program cash receipts for governmental activities is apparent; with 83.34% and 100% of cash disbursements supported through program cash receipts from operating grants and contributions during 2007 and 2006, respectively.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

The graph below presents the Council's governmental activities receipts for fiscal year 2007 and 2006:

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 \$149,162, which is \$235,598 below last year's total of \$384,760. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2007 and 2006, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2007</u>	Fund Cash Balance <u>June 30, 2006</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ 13,733	\$ 79,045	\$ (65,312)
Help Me Grow	81,680	172,759	(91,079)
21st Century Community	9,432	67,641	(58,209)
Ohio Children's Trust	16,841	49,134	(32,293)
Help Me Grow Per Capita Reimbursements	23,700	10,500	13,200
Other Nonmajor Governmental Funds	<u>3,776</u>	<u>5,681</u>	<u>(1,905)</u>
Total	<u>\$ 149,162</u>	<u>\$ 384,760</u>	<u>\$ (235,598)</u>

General Fund

The general fund had cash receipts of \$143,842 in 2007. The cash disbursements of the general fund, totaled \$209,154 in 2007. The general fund's cash balance decreased \$65,312 from 2006 to 2007.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Help Me Grow Fund

The Help Me Grow fund, a Council major fund, had cash receipts of \$1,429,029 in 2007. The Help Me Grow fund had cash disbursements of \$1,520,108 in 2007. The Help Me Grow fund cash balance decreased \$91,079 from 2006 to 2007.

21st Century Community Fund

The 21st Century Community fund, a Council major fund, had cash receipts of \$245,288 in 2007. The 21st Century Community fund had cash disbursements of \$303,497 in 2007. The 21st Century Community fund cash balance decreased \$58,209 from 2006 to 2007.

Ohio Children's Trust Fund

The Ohio Children's Trust fund, a Council major fund, had cash receipts of \$77,139 in 2007. The Ohio Children's Trust fund had cash disbursements of \$109,432 in 2007. The Ohio Children's Trust fund cash balance decreased \$32,293 from 2006 to 2007.

Help Me Grow Per Capita Reimbursements Fund

The Help Me Grow Per Capita Reimbursements fund, a Council major fund, had cash receipts of \$13,200 in 2007 and the fund cash balance increased \$13,200 from 2006 to 2007.

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 \$2,258 in capital outlay disbursements during fiscal year 2007.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2007 and 2006.

Current Financial Related Activities

The existing services of the Council are reviewed to determine how they can be utilized in a more efficient manner and agencies are challenged to improve the way services are delivered. The Council is constantly assessing needs of its members and acting to provide these services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors 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 Ms. Cynthia Lengyel, Treasurer, Mahoning County Family and Children First Council, 100 DeBartolo Place, Suite 220, Youngstown, Ohio 44512-7019.

**BASIC
FINANCIAL STATEMENTS**

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

STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2007

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 149,162
Total assets	149,162
Net assets:	
Restricted for:	
State and federally funded programs	135,429
Unrestricted	13,733
Total net assets	\$ 149,162

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>	<u>Net (Cash Disbursements) Cash Receipts and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 209,154	\$ 20,000	\$ (189,154)
Social services	<u>1,948,123</u>	<u>1,777,837</u>	<u>(170,286)</u>
Total governmental activities	<u>\$ 2,157,277</u>	<u>\$ 1,797,837</u>	<u>(359,440)</u>
General Cash Receipts:			
Miscellaneous			<u>123,842</u>
Total general cash receipts			<u>123,842</u>
Change in net cash assets.			(235,598)
Net cash assets at beginning of year.			<u>384,760</u>
Net cash assets at end of year			<u>\$ 149,162</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2007

	General	Help Me Grow	21st Century Community	Ohio Children's Trust
Cash assets:				
Equity in pooled cash and cash equivalents	\$ 13,733	\$ 81,680	\$ 9,432	\$ 16,841
Total assets	<u>\$ 13,733</u>	<u>\$ 81,680</u>	<u>\$ 9,432</u>	<u>\$ 16,841</u>
Fund cash balances:				
Reserved for encumbrances.	\$ 30,033	\$ 114,300	\$ 9,432	\$ 16,841
Unreserved, undesignated, reported in:				
General fund	(16,300)	-	-	-
Special revenue funds	-	(32,620)	-	-
Total fund cash balances.	<u>\$ 13,733</u>	<u>\$ 81,680</u>	<u>\$ 9,432</u>	<u>\$ 16,841</u>

continued ...

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2007

	Help Me Grow Per Capita Reimbursements	Other Governmental Funds	Total Governmental Funds
Cash assets:			
Equity in pooled cash and cash equivalents .	\$ 23,700	\$ 3,776	\$ 149,162
Total assets	\$ 23,700	\$ 3,776	\$ 149,162
Fund cash balances:			
Reserved for encumbrances.	\$ -	\$ 8,934	\$ 179,540
Unreserved, undesignated, reported in:			
General fund	-	-	(16,300)
Special revenue funds	23,700	(5,158)	(14,078)
Total fund cash balances.	\$ 23,700	\$ 3,776	\$ 149,162

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

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>General</u>	<u>Help Me Grow</u>	<u>21st Century Community</u>	<u>Ohio Children's Trust</u>
Cash receipts:				
Other local revenues	\$ 123,842	\$ 299,885	\$ -	\$ -
Intergovernmental - state.	20,000	191,310	-	77,139
Intergovernmental - federal.	-	937,834	245,288	-
Total cash receipts	<u>143,842</u>	<u>1,429,029</u>	<u>245,288</u>	<u>77,139</u>
Cash disbursements:				
Personal services	150,990	805,385	64,671	-
Supporting services	-	-	227,673	7,714
Community services.	34,442	701,089	-	101,718
Supplies and materials.	8,774	11,590	2,740	-
Capital outlay.	214	2,044	-	-
Miscellaneous.	14,734	-	8,413	-
Total cash disbursements.	<u>209,154</u>	<u>1,520,108</u>	<u>303,497</u>	<u>109,432</u>
Net change in fund cash balances	(65,312)	(91,079)	(58,209)	(32,293)
Fund cash balances at beginning of year	<u>79,045</u>	<u>172,759</u>	<u>67,641</u>	<u>49,134</u>
Fund cash balances at end of year	<u>\$ 13,733</u>	<u>\$ 81,680</u>	<u>\$ 9,432</u>	<u>\$ 16,841</u>

continued..

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Help Me Grow Per Capita Reimbursements	Other Governmental Funds	Total Governmental Funds
Cash receipts:			
Other local revenues	\$ -	\$ -	\$ 423,727
Intergovernmental - state.	13,200	13,181	314,830
Intergovernmental - federal.	-	-	1,183,122
Total cash receipts	<u>13,200</u>	<u>13,181</u>	<u>1,921,679</u>
Cash disbursements:			
Personal services	-	-	1,021,046
Supporting services	-	-	235,387
Community services.	-	15,086	852,335
Supplies and materials.	-	-	23,104
Capital outlay.	-	-	2,258
Miscellaneous.	-	-	23,147
Total cash disbursements	<u>-</u>	<u>15,086</u>	<u>2,157,277</u>
Net change in fund cash balances	13,200	(1,905)	(235,598)
Fund cash balances at beginning of year	<u>10,500</u>	<u>5,681</u>	<u>384,760</u>
Fund cash balances at end of year	<u>\$ 23,700</u>	<u>\$ 3,776</u>	<u>\$ 149,162</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 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 mental retardation and 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

A county 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;
- f. Establish 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's financial statements are prepared using the cash basis of accounting. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when 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 the preceding paragraph.

C. Fund Accounting

The Mahoning County Family and Children First Council ("the Council") uses funds to maintain its financial records during the fiscal 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 classifies each fund as either governmental, proprietary or fiduciary. The Council reports only governmental funds and an agency fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

General Fund - 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 funds.

Help Me Grow - This fund is made up of three programs combined to form the Help Me Grow Program. They are Welcome Home State subsidy, Early Intervention Services Part C from the Ohio Department of Health, and Temporary Assistance for Needy Families through Mahoning County Job and Family Services. These monies are for the promotion of the well-being of young children through home-based specialized services and public awareness, with a special emphasis on early intervention and prevention.

21st Century Community - This fund accounts for monies used to provide youth development activities, drug and violence prevention programs, technology education programs, art, music and recreation programs, counseling and character education to enhance the academic component of the program.

Ohio Children's Trust - This fund accounts for receipts and expenditures made in conjunction with child abuse, child neglect prevention programs, and other grants from the Children's Trust Fund.

Help Me Grow Per Capita Reimbursements - This fund accounts for monies from the State to provide child abuse prevention training for families that qualify with Job and Family Services.

Other governmental funds of the Council are used to account for grants and other resources.

Fiduciary Fund - The Council's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Council's agency fund accounts for the Early Learning Opportunity program. The agency fund had no assets or liabilities to report at June 30, 2007, thus no statement of Fiduciary Net Assets is included in this report.

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 charges paid by the recipient of the goods or services offered by the program and 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statement - Cash Basis - 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 requires the Council to file an annual budget with its administrative agent, with copies filed with the county auditor and with the board of county commissioners, unless the board is serving as the Council's administrative agent. The Council's administrative agent is to ensure that all expenditures are handled in accordance with policies, procedures, and activities prescribed by state departments in rules or interagency agreements that are applicable to the Council's functions. Budgetary information for the general fund and major special revenue funds has been presented as supplementary information to the basic financial statements.

F. Fiscal Agent

The Council designates an Administrative Agent for all funds received in the name of the Council. The Mahoning County Educational Service Center acts as the Administrative Agent. The Council's funds are maintained in separate funds with the fiscal agent.

G. Capital Assets

Acquisitions 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 Reserves

The Council reserves those portions of fund cash balance which are legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund cash balance which is available for appropriation in future periods. Fund cash balance reserves have been established for encumbrances.

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 its use.

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

NOTE 2 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Mahoning County Educational Service Center 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 June 30, 2007, was \$149,162. The fiscal agent for the Council is responsible for maintaining adequate depository collateral for all funds in the Mahoning County Educational Service Center's investment accounts.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 2 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Mahoning County Educational Service Center.

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM

A. Defined Benefit Pension Plan

The Council contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14 percent of annual covered payroll. A portion of the Council's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Council's required contributions to SERS for pension obligation and health care benefits for the fiscal years ended June 30, 2007, 2006 and 2005 were \$144,279, \$138,719, and \$110,927, respectively. The Council has paid all contributions required through June 30, 2007.

B. Postemployment Benefits

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of 0.10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 3 - SCHOOL EMPLOYEES RETIREMENT SYSTEM - (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 4 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For fiscal year 2007, the Council was named on the Mahoning County Educational Service Center's policy with \$1,000,000 personal injury and \$2,000,000 general aggregate. Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

NOTE 5 - CONTINGENCIES

A. Litigation

The Council is not currently involved in litigation.

B. Grants

The Council receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Council.

SUPPLEMENTARY DATA

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

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local revenues	\$ 200,093	\$ 200,093	\$ 123,842	\$ (76,251)
Intergovernmental - state.	20,000	20,000	20,000	-
Total budgetary basis receipts	<u>220,093</u>	<u>220,093</u>	<u>143,842</u>	<u>(76,251)</u>
Budgetary basis disbursements:				
Personal services	135,348	150,031	150,990	(959)
Community services.	54,121	67,880	60,376	7,504
Supplies and materials	11,539	12,878	12,873	5
Capital outlay.	192	215	214	1
Miscellaneous.	18,407	20,440	14,734	5,706
Total budgetary basis disbursements	<u>219,607</u>	<u>251,444</u>	<u>239,187</u>	<u>12,257</u>
Net change in fund cash balance.	486	(31,351)	(95,345)	(63,994)
Fund cash balance at beginning of year	77,601	77,601	77,601	-
Prior year encumbrances appropriated	<u>1,444</u>	<u>1,444</u>	<u>1,444</u>	<u>-</u>
Fund cash balance (deficit) at end of year.	<u>\$ 79,531</u>	<u>\$ 47,694</u>	<u>\$ (16,300)</u>	<u>\$ (63,994)</u>

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

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HELP ME GROW
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Other local revenues	\$ 311,361	\$ 300,361	\$ 299,885	\$ (476)
Intergovernmental - state.	281,904	282,353	191,310	(91,043)
Intergovernmental - federal.	1,112,015	1,112,526	937,834	(174,692)
Total budgetary basis receipts	<u>1,705,280</u>	<u>1,695,240</u>	<u>1,429,029</u>	<u>(266,211)</u>
Budgetary basis disbursements:				
Personal services	907,826	907,826	834,933	72,893
Community services	819,072	819,072	767,253	51,819
Supplies and materials	45,636	45,636	30,178	15,458
Capital outlay.	3,000	3,000	2,044	956
Total budgetary basis disbursements	<u>1,775,534</u>	<u>1,775,534</u>	<u>1,634,408</u>	<u>141,126</u>
Net change in fund cash balance.	(70,254)	(80,294)	(205,379)	(125,085)
Fund cash balance at beginning of year	102,794	102,794	102,794	-
Prior year encumbrances appropriated	<u>69,965</u>	<u>69,965</u>	<u>69,965</u>	<u>-</u>
Fund cash balance (deficit) at end of year.	<u>\$ 102,505</u>	<u>\$ 92,465</u>	<u>\$ (32,620)</u>	<u>\$ (125,085)</u>

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

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
21st CENTURY COMMUNITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental - federal	\$ 245,288	\$ 245,288	\$ 245,288	\$ -
Total budgetary basis receipts	<u>245,288</u>	<u>245,288</u>	<u>245,288</u>	<u>-</u>
Budgetary basis disbursements:				
Personal services	65,228	65,228	64,890	338
Supporting services	226,867	226,867	231,366	(4,499)
Supplies and materials.	20,834	20,834	8,260	12,574
Miscellaneous.	-	-	8,413	(8,413)
Total budgetary basis disbursements	<u>312,929</u>	<u>312,929</u>	<u>312,929</u>	<u>-</u>
Net change in fund cash balance.	(67,641)	(67,641)	(67,641)	-
Fund cash balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>67,641</u>	<u>67,641</u>	<u>67,641</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
OHIO CHILDREN'S TRUST
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental - state	\$ -	\$ 77,139	\$ 77,139	\$ -
Total budgetary basis receipts	<u>-</u>	<u>77,139</u>	<u>77,139</u>	<u>-</u>
Budgetary basis disbursements:				
Supporting services	3,857	7,714	7,714	-
Community services	<u>45,277</u>	<u>118,559</u>	<u>118,559</u>	<u>-</u>
Total budgetary basis disbursements	<u>49,134</u>	<u>126,273</u>	<u>126,273</u>	<u>-</u>
Net change in fund cash balance	(49,134)	(49,134)	(49,134)	-
Fund cash balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>49,134</u>	<u>49,134</u>	<u>49,134</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

SCHEDULE OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
HELP ME GROW PER CAPITA REIMBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Intergovernmental - state	\$ 5,250	\$ 13,200	\$ 13,200	\$ -
Total budgetary basis receipts	<u>5,250</u>	<u>13,200</u>	<u>13,200</u>	<u>-</u>
Budgetary basis disbursements:				
Community services	-	23,700	-	23,700
Total budgetary basis disbursements	<u>-</u>	<u>23,700</u>	<u>-</u>	<u>23,700</u>
Net change in fund cash balance	5,250	(10,500)	13,200	23,700
Fund cash balance at beginning of year	10,500	10,500	10,500	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 15,750</u>	<u>\$ -</u>	<u>\$ 23,700</u>	<u>\$ 23,700</u>

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE MAHONING COUNTY DEPARTMENT OF JOBS & FAMILY SERVICES				
Temporary Assistance for Needy Families	93.558	N/A	\$ 72,892	\$ 13,437
Temporary Assistance for Needy Families	93.558	N/A	699,450	961,236
Total Temporary Assistance for Needy Families			<u>772,342</u>	<u>974,673</u>
Total U.S. Department of Health and Human Services			<u>772,342</u>	<u>974,673</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF HEALTH:				
Early Intervention Services	84.181	N/A	63,960	1,679
Early Intervention Services	84.181	N/A	101,532	247,017
Total Early Intervention Services			<u>165,492</u>	<u>248,696</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
21st Century Community Learning Center	84.287	48280-T1S1-2006	-	67,641
21st Century Community Learning Center	84.287	48280-T1S1-2007	245,288	235,856
Total 21st Century Community Learning Center			<u>245,288</u>	<u>303,497</u>
Total U.S. Department of Education			<u>410,780</u>	<u>552,193</u>
Total Federal Financial Assistance			<u>\$ 1,183,122</u>	<u>\$ 1,526,866</u>

(A) This schedule was prepared on the cash basis of accounting.
NOTE 1: The Mahoning County Family Children and First Council (the "Council") has excluded federal financial assistance reported by the Easter Seals Society in relation to the Early Learning Opportunity Act grant. The amount of federal receipts and expenditures on the Council's fiscal year was \$548,894. However, the Easter Seal's fiscal year end is August 31, 2007, which due to timing differences did not result in an OMB Circular A-133 audit. The Early Learning Opportunity Act grant is passed through the fiscal agent to various subgrantees including the FCFC.



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**Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise Mahoning County Family and Children First Council's basic financial statements and have issued our report thereon dated October 18, 2007, wherein we noted the Mahoning County Family and Children First Council prepared its financial statements on the cash basis, a comprehensive basis of accounting other than the accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Mahoning County Family and Children First Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mahoning County Family and Children First Council's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Mahoning County Family and Children First Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

Mahoning County Family and Children First Council
Mahoning County

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Mahoning County Family and Children First Council's ability to initiate, authorize, record, process or report financial data reliably in accordance with its applicable accounting basis such that there is more than a remote likelihood that a misstatement of the Mahoning County Family and Children First Council's financial statements that is more than inconsequential will not be prevented or detected by the Mahoning County Family and Children First Council's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as 2007-MCFCFC-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Mahoning County Family and Children First Council's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mahoning County Family and Children First Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mahoning County Family and Children First Council's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Mahoning County Family and Children First Council's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and the Executive Committee of the Mahoning County Family and Children First Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
October 18, 2007



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**Report on Compliance With Requirements Applicable to Each of Its
Major Programs and Internal Control Over Compliance In
Accordance With OMB Circular A-133**

Mahoning County Family and Children First Council
Mahoning County
100 DeBartolo Pl, Suite 220
Youngstown, OH 44512

Compliance

We have audited the compliance of the Mahoning County Family and Children First Council, Mahoning County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007. The Mahoning County Family and Children First Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the Mahoning County Family and Children First Council's management. Our responsibility is to express an opinion on the Mahoning County Family and Children First Council's compliance based on our audit.

The Early Learning Opportunity Act grant passed through to the Easter Seals is subjected to audit procedures under OMB Circular A-133 and is reported on separately by other auditors. However, the Easter Seals expended less than \$500,000 in federal awards for their fiscal year ended August 31, 2007 and thus was not required to have an audit of its Federal Award Program in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mahoning County Family and Children First Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Mahoning County Family and Children First Council's compliance with those requirements.

In our opinion, the Mahoning County Family and Children First Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2007.

Mahoning County Family and Children First Council
Mahoning County

Internal Control Over Compliance

The management of the Mahoning County Family and Children First Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Mahoning County Family and Children First Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mahoning County Family and Children First Council's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the management and the Executive Committee of the Mahoning County Family and Children First Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc
October 18, 2007

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GASAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GASAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Temporary Assistance for Needy Families, CFDA# 93.558; Twenty-First Century Community Learning Centers, CFDA#84.287
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee	Yes

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2007**

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2007-MCFCFC-001

Significant Deficiency – Receipt Postings

During the course of our audit, we identified two misstatements in the financial statements for the fiscal year under audit. Audit adjustments were necessary to correct errors on the Council’s financial statements. A description of each adjustment follows:

Grants Classification – Audit adjustments were necessary to properly classify grant revenue. Intergovernmental revenue – state was understated by \$13,200 and intergovernmental revenue - intermediate was overstated by \$13,200 in the Help Me Grow Capita Reimbursements Fund. Intergovernmental revenue – federal was understated by \$165,492 and intergovernmental revenue - state was overstated by \$165,492 in the Help Me Grow Fund.

Client Response: Management concurs with the finding and will attempt to record transactions properly in accordance with guidance provided by the USAS manual.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Mary Taylor, CPA
Auditor of State

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MAHONING 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
JANUARY 22, 2008**