



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Fulton County
606 South Shoop Avenue
Wauseon, Ohio 43567-1712

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund of Family and Children First Council, Fulton County, Ohio (the Council), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Family and Children First, Fulton County, Ohio, as of December 31, 2012, and the respective changes in cash financial position and the budgetary comparison for the General and Restricted Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental and Other Information

We audited to opine on the Council's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are 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 and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2014, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 18, 2014

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**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The discussion and analysis of the 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, 2012, 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 basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for the year 2012 are as follows:

- Net position decreased by \$24,865 for 2012.
- Program specific receipts in the form of operating grants comprise the largest percentage of the Council's receipts, making up 99% of all the dollars coming into the Council. General receipts in the form of miscellaneous make up less than 1%.
- The Council had \$358,167 in disbursements during 2012. We received monies from Drug Free Communities, Drug Free Youth, Ohio Department of Health, Ohio Children's Trust Fund and from Ohio Department of Mental Health.

Using the Basic Financial Statements

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

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

The statement of net position and the statement of activities reflect how the Council did financially during 2012, within the limitations of the cash basis of accounting. The Statement of Net Position – Cash Basis presents the cash balances of the governmental activities of the Council at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should also consider other non-financial factors as well, such as the condition of the Council's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Council's services. The Council has no business-type activities.

Reporting the Council's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Council's major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Council are governmental.

Governmental Funds - The Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Council's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's health programs. The Council's significant governmental funds are presented on the financial statements in separate columns. The Council's major governmental funds are the General Fund and the Restricted Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The Council as a Whole

Table 1 provides a summary of the Council's net position for 2012 compared to 2011 on the cash basis:

**Table 1
Net Position – Cash Basis**

	Governmental Activities		
	2012	2011	Change
Assets			
Cash with Fiscal Agent	\$ 42,001	\$ 66,866	\$ (24,865)
Net Position			
Restricted	26,868	46,357	(19,489)
Unrestricted	15,133	20,509	(5,376)
Total Net Position	\$ 42,001	\$ 66,866	\$ (24,865)

As mentioned previously, net position decreased \$24,865. The decrease was due to restricted funds not receiving 21st Century, JAG, or Drug Free Youth monies in 2012. Also, in the restricted fund less money was received for GRF.

Table 2 reflects the change in net position in 2012 and provides a comparison to prior year amounts.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

**Table 2
Changes in Net Position**

	Governmental Activities		
	2012	2011	Change
Receipts			
Program Cash Receipts			
Charges for Services and Sales	\$ 1,530	\$ 5,579	\$ (4,049)
Operating Grants and Contributions	330,428	362,395	(31,967)
Total Program Cash Receipts	331,958	367,974	(36,016)
General Receipts			
Gifts & Contributions	1,090	3,582	2,492
Miscellaneous	254	31	223
Total Receipts	333,302	371,587	(38,285)
Disbursements			
General	23,303	7,890	15,413
Restricted for Social Services	334,864	355,671	(20,807)
Total Disbursements	358,167	363,561	(5,394)
Change in Net Position	(24,865)	8,026	(32,891)
Net Position Beginning of Year	66,866	58,840	8,026
Net Position End of Year	\$ 42,001	\$ 66,866	\$ (24,865)

In 2012, 99 percent of the Council's total receipts were from program receipts, consisting mainly of grants from the Ohio Department of Health.

Governmental Activities

If you look at the Statement of Activities –Cash Basis, you will see that the first column lists the major services provided by the Council. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General and Restricted programs, which account for 7% and 93% of all governmental disbursements, respectively. The net cost column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service which ends up being paid from money provided by state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3
Governmental Activities**

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General	\$ 23,303	\$ (7,553)	\$ 7,890	\$ 7,860
Restricted for Social Services	334,864	(18,656)	355,671	(3,447)
Totals	\$ 358,167	\$ (26,209)	\$ 363,561	\$ 4,413

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

The Council's Funds

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

The focus of the Council's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements.

At the end of 2012, the Council's governmental funds reported total ending fund balances of \$42,001.

The General Fund is the chief operating fund of the Council. At the end of 2012, the fund balance in the General Fund was \$15,133.

Expenditures exceeded revenues in the general fund by \$5,376 in 2012. Intergovernmental revenues consist of a grant received from the Ohio Department of Health. Salaries and benefits account for the majority of expenditures in the general fund.

The Restricted Fund accounts for state grant monies for the Help Me Grow Program. The Help Me Grow program is for Ohio's expectant parents, newborns, infants, and toddlers and provides health and developmental services so children start school healthy and ready to learn. This fund also accounts for monies from the Ohio Child Trust Fund, FCSS, and Drug Free Communities. At the end of 2012, the total fund balance was \$26,868.

General Fund Budgeting Highlights

The Council's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances.

During the course of 2012, the Council amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There was a 43% increase between the original and the final estimated receipts and expenditures. Actual revenues were 28% less than the final budget amounts. These differences are due to estimating a transfer about \$10,000 higher than actual. This increase in revenue helped the Council to pay for increased salary and fringes.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens and readers with a general overview of the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report, or requests for additional information, should be directed to Jane Sauder, Fiscal Officer Supervisor, Fulton County Health Department, 606 S. Shoop Ave, Wauseon, Ohio 43567.

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

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

Assets	<u>Governmental Activities</u>
Cash with Fiscal Agent	<u>\$ 42,001</u>
Net Position	
Restricted for:	
Other Purposes	26,868
Unrestricted	<u>15,133</u>
<i>Total Net Postion</i>	<u>\$ 42,001</u>

See accompanying notes to the basic financial statements

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

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

		Program Receipts		Net (Disbursements) and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General	\$ 23,303		\$ 15,750	\$ (7,553)
Restricted for Social Services	334,864	\$ 1,530	314,678	(18,656)
<i>Total Governmental Activities</i>	\$ 358,167	\$ 1,530	\$ 330,428	\$ (26,209)
		General Receipts		
				1,090
				254
			<i>Total General Receipts</i>	1,344
			Change in Net Position	(24,865)
			<i>Net Position Beginning of Year</i>	66,866
			<i>Net Position End of Year</i>	\$ 42,001

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2012**

	General	Restricted	Total Governmental Funds
Assets			
Cash with Fiscal Agent	\$ 15,133	\$ 26,868	\$ 42,001
 Fund Balances			
Restricted		26,868	26,868
Unassigned	15,133		15,133
<i>Total Fund Balances</i>	\$ 15,133	\$ 26,868	\$ 42,001

See accompanying notes to the basic financial statements

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Restricted	Totals (Memorandum Only)
<u>Cash Receipts:</u>			
Intergovernmental	\$15,750	\$314,678	\$330,428
Contractual Services		1,530	1,530
Gifts and Contributions		1,090	1,090
Miscellaneous	2	252	254
<i>Total Cash Receipts</i>	<u>15,752</u>	<u>317,550</u>	<u>333,302</u>
<u>Cash Disbursements:</u>			
Salary	18,265	77,284	95,549
PERS	2,430	10,666	13,096
Workers Comp	86	1,186	1,272
Medicare	264	1,108	1,372
Insurance		951	951
Travel	404	8,315	8,719
Advertising		175	175
Contracts	20	150,770	150,790
Supplies	999	20,333	21,332
Equipment		3,629	3,629
Other	835	60,447	61,282
<i>Total Cash Disbursements</i>	<u>23,303</u>	<u>334,864</u>	<u>358,167</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(7,551)</u>	<u>(17,314)</u>	<u>(24,865)</u>
<u>Other Financing Receipts (Disbursements):</u>			
Transfers In	2,235	60	2,295
Transfers Out	(60)	(2,235)	(2,295)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>2,175</u>	<u>(2,175)</u>	
<i>Net Change in Fund Cash Balances</i>	(5,376)	(19,489)	(24,865)
<i>Fund Cash Balances, January 1</i>	<u>20,509</u>	<u>46,357</u>	<u>66,866</u>
<i>Fund Cash Balances, December 31</i>	<u>\$15,133</u>	<u>\$26,868</u>	<u>\$42,001</u>

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

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Cash Receipts:</u>				
Intergovernmental	\$17,400	\$13,106	\$15,750	\$2,644
Miscellaneous	50		2	2
<i>Total Cash Receipts</i>	<u>17,450</u>	<u>13,106</u>	<u>15,752</u>	<u>2,646</u>
<u>Cash Disbursements:</u>				
Salary	13,000	19,072	18,265	(807)
PERS	1,820	2,717	2,430	(287)
Workers Comp	390	86	86	
Medicare	190	280	264	(16)
Travel	800	650	404	(246)
Contracts	250	250	20	(230)
Supplies	500	1,156	999	(157)
Other	500	835	835	
<i>Total Cash Disbursements</i>	<u>17,450</u>	<u>25,046</u>	<u>23,303</u>	<u>(1,743)</u>
<i>Excess of Disbursements Over Receipts</i>		<u>(11,940)</u>	<u>(7,551)</u>	<u>4,389</u>
<u>Other Financing Receipts (Disbursements):</u>				
Transfers In	50	12,000	2,235	(9,765)
Transfers Out		(60)	(60)	
<i>Total Other Financing Receipts (Disbursements)</i>	<u>50</u>	<u>11,940</u>	<u>2,175</u>	<u>(9,765)</u>
<i>Net Change in Fund Cash Balance</i>	50		(5,376)	(5,376)
<i>Fund Cash Balance, January 1</i>	<u>20,509</u>	<u>20,509</u>	<u>20,509</u>	
<i>Fund Cash Balance, December 31</i>	<u><u>\$20,559</u></u>	<u><u>\$20,509</u></u>	<u><u>\$15,133</u></u>	<u><u>(\$5,376)</u></u>

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

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - BUDGET BASIS
RESTRICTED FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<u>Cash Receipts:</u>				
Intergovernmental	\$300,760	\$347,960	\$314,678	(\$33,282)
Contractual Services			1,530	1,530
Gifts and Contributions			1,090	1,090
Miscellaneous	5,000	5,000	252	(4,748)
<i>Total Cash Receipts</i>	<u>305,760</u>	<u>352,960</u>	<u>317,550</u>	<u>(35,410)</u>
<u>Cash Disbursements:</u>				
Salary	80,000	80,111	77,284	(2,827)
PERS	11,200	11,510	10,666	(844)
Workers Comp	2,400	1,185	1,186	1
Medicare	1,160	1,115	1,108	(7)
Insurance	1,000	951	951	
Travel	15,000	9,694	8,315	(1,379)
Advertising	3,000	1,184	175	(1,009)
Contracts	111,000	170,769	159,920	(10,849)
Supplies	40,000	28,287	20,333	(7,954)
Equipment	2,000	3,629	3,629	
Other	50,000	62,725	60,447	(2,278)
<i>Total Cash Disbursements</i>	<u>316,760</u>	<u>371,160</u>	<u>344,014</u>	<u>(27,146)</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(11,000)</u>	<u>(18,200)</u>	<u>(26,464)</u>	<u>(8,264)</u>
<u>Other Financing Receipts (Disbursements):</u>				
Transfers In			60	60
Transfers Out		(2,235)	(2,235)	
<i>Total Other Financing Receipts (Disbursements)</i>		<u>(2,235)</u>	<u>(2,175)</u>	<u>60</u>
<i>Net Change in Fund Cash Balance</i>	(11,000)	(20,435)	(28,639)	(8,204)
<i>Prior Year Encumbrances Appropriated</i>	11,000	11,000	11,000	
<i>Fund Cash Balance, January 1</i>	<u>35,357</u>	<u>35,357</u>	<u>35,357</u>	
<i>Fund Cash Balance, December 31</i>	<u><u>\$35,357</u></u>	<u><u>\$25,922</u></u>	<u><u>\$17,718</u></u>	<u><u>(\$8,204)</u></u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. Reporting Entity/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 required each Board of County Commissioners to establish a County Family and Children First Council. 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 human services;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

Public Entity Risk Pools

The Council participates in a public entity risk pool. Note 5 to the financial statements provide additional information for this entity. This organization is the Public Entities Pool of Ohio (PEP).

2. Summary of Significant Accounting Policies

As discussed further in "Basis of Accounting" section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Council's accounting policies.

Basis of Presentation

The Council's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

The statement of net position presents the cash balance of the governmental and business-type activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be sent back to the Ohio Department of Health. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a modified cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

Fund Accounting

The Council uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Council are presented in one category: governmental.

Governmental Funds - Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's major governmental funds:

General - This fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Restricted - This fund accounts for state grant monies for the Help Me Grow Program, Ohio Children's Trust Fund, Drug Free Communities, and Family Centered Services and Supports (FCSS).

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

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.

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 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 liabilities and their related expenses) are not recorded in these financial statements.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is the Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Council. The legal level of control has been established by the Council at the object level for all funds.

ORC Section 121.37(B) establishes budgetary requirements for the Council. The Council's administrative agent shall serve as the Council's appointing authority for any employees of the council. The Council shall file an annual budget with its administrative agent, with copies filed with the County Auditor and with the Board of County Commissioners. Subject to estimated resources, Council's administrative on behalf of Council may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Council during the year.

Cash and Investments

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained by writing Charlene E. Lee, Fulton County Treasurer, 152 S Fulton Street, Wauseon, Ohio 43567 or by calling 419-337-9252.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Health Department recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily limitations imposed by grantors.

The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council or a Council official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

3. Change in Accounting Principle

For fiscal year 2012, the Council is complying with GASB No. 62 "Accounting and Financial Reporting guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" and GASB Statement No.63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. Complying with the GASB Statement No. 62 did not have an effect on the financial statements of the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

3. Change in Accounting Principle (Continued)

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed. Complying with GASB Statement No. 63 did not have an effect on the financial statements of the Council.

4. Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$9,150 for the Restricted Fund.

5. Risk Management

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Council belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

5. Risk Management (Continued)

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Council's share of these unpaid claims collectible in future years is approximately \$1,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2011</u>
\$682	\$105

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

6. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Council participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

6. Defined Benefit Pension Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. For the year ended December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The Council's 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2012. Employer contribution rates are actuarially determined.

The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$12,309, \$12,345, and \$13,298, respectively; 100 percent has been contributed for 2012 and 100 percent for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$345 made by the Council's and \$483 made by plan members.

Social Security System

Under the Ohio Revised Code (ORC) 145.034, all employees covered by the Ohio Public Employees Retirement System (OPERS) have the option to choose Social Security as their desired retirement system. As of December 31, 2012, six members of the Health District Board have elected Social Security. The Board's liability is 6.2 percent of wages.

7. Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

7. Postemployment Benefits (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4 percent for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for calendar year 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Council's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$3,517, \$3,527, and \$4,792, respectively; 100 percent has been contributed for 2012 and 100 percent for 2011 and 2010.

8. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

**FAMILY AND CHILDREN FIRST COUNCIL
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

8. Fund Balances (Continued)

Fund Balances	General Fund	Restricted Fund	Total
Restricted		\$ 26,868	\$ 26,868
Unassigned	\$ 15,133		15,133
<i>Total Fund Balances</i>	\$ 15,133	\$ 26,868	\$ 42,001

9. Interfund Transfers

During 2012 the following transfers were made:

		Transfers From	
Transfers To		General	Restricted
General			\$ 2,235
Restricted		\$ 60	
Total		\$ 60	\$ 2,235

The General Fund transferred monies in 2012 to the Restricted Fund because of an expense being paid by the wrong fund in 2011. Also, Restricted Fund transferred monies to the General Fund due to salaries being paid out of the wrong fund.

10. Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the state government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

11. Related Party

The Council entered into contract in 2012 with the Ohio State University (OSU) Extension for a parental education series. The Ohio State University (OSU) Extension's Educator for Family and Consumer Sciences, Cheryl Spires, is a member of the Council but abstains from voting for this contract. Payments made during 2012 to the Ohio State University (OSU) Extension, in accordance with this contract was \$14,250.

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Dave Yost • Auditor of State

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

Family and Children First Council
Fulton County
606 South Shoop Avenue
Wauseon, Ohio 43567-1712

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and each major fund of Family and Children First Council, Fulton County, Ohio, (the Council) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated August 18, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 18, 2014



Dave Yost • Auditor of State

FULTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

FULTON 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
SEPTEMBER 4, 2014**