



Dave Yost • Auditor of State

**ASHTABULA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Ashtabula County
P.O. Box 1175
Ashtabula, Ohio 44005

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Ashtabula County Family and Children First Council, Ashtabula County, (the "Council") as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2012 and 2011, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Ashtabula County Family and Children First Council, Ashtabula as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Ashtabula County Family and Children First Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 1, 2013

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILARY FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	
Cash Receipts:				
Local Governmental Agencies	12,955			12,955
Intergovernmental	<u>41,137</u>	<u>49,409</u>	<u>-</u>	<u>90,546</u>
Total Cash Receipts	<u>54,092</u>	<u>49,409</u>	<u>-</u>	<u>103,501</u>
Cash Disbursements:				
Salaries and Benefits	48,124	2,803		50,927
Supplies	546			546
Contracts - Services	4,033	48,802	2,979	55,814
Utilities and rentals	1,431			1,431
Travel	<u>868</u>			<u>868</u>
Total Disbursements	<u>55,002</u>	<u>51,605</u>	<u>2,979</u>	<u>109,586</u>
Total Receipts Over/(Under) Disbursements				
Excess of Cash Receipts and Other Financing	<u>(910)</u>	<u>(2,196)</u>	<u>(2,979)</u>	<u>(6,085)</u>
Receipts Over/(Under) Cash Disbursements				
and Other Financing Disbursements	(910)	(2,196)	(2,979)	(6,085)
Fund Cash Balances, January 1	<u>32,470</u>	<u>41,739</u>	<u>20,461</u>	<u>94,670</u>
Fund Cash Balances, December 31:				
Nonspendable	-	-	-	-
Restricted	-	39,543	17,482	57,025
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	31,560	-	-	31,560
Fund Cash Balances, December 31	<u>31,560</u>	<u>39,543</u>	<u>17,482</u>	<u>88,585</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
ASHTABULA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILARY FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	
Cash Receipts:				
Local Governmental Agencies	3,080	-	-	3,080
Intergovernmental	-	225,414	3,733	229,147
Total Cash Receipts	<u>3,080</u>	<u>225,414</u>	<u>3,733</u>	<u>232,227</u>
Cash Disbursements:				
Salaries and Benefits	36,334	11,336	-	47,670
Supplies	541	-	-	541
Contracts - Services	8,396	216,397	5,146	229,939
Utilities and rentals	1,819	-	-	1,819
Travel	895	-	-	895
Total Disbursements	<u>47,985</u>	<u>227,733</u>	<u>5,146</u>	<u>280,864</u>
Total Receipts Over/(Under) Disbursements Excess of Cash Receipts and Other Financing	<u>(44,905)</u>	<u>(2,319)</u>	<u>(1,413)</u>	<u>(48,637)</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(44,905)	(2,319)	(1,413)	(48,637)
Fund Cash Balances, January 1	<u>77,375</u>	<u>44,058</u>	<u>21,874</u>	<u>143,307</u>
Fund Cash Balances, December 31:				
Nonspendable	-	-	-	-
Restricted	-	41,739	20,461	62,200
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	32,470	-	-	32,470
Fund Cash Balances, December 31	<u>32,470</u>	<u>41,739</u>	<u>20,461</u>	<u>94,670</u>

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

**ASHTABULA COUNTY FAMILY & CHILDREN FIRST COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

I. DESCRIPTION OF THE ENTITY

Membership

Section 121.37, Revised Code, 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:

- The director of the board of alcohol, drug addiction, and mental health services that serves the county;
- The health commissioner, or the commissioner's designee, of the board of health of the general health district in the county;
- The director of the county department of job and family services;
- The executive director of the public children services agency;
- The superintendent of the county board of developmental disabilities;
- The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each board of county commissioners of its determination at least biennially;
- 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;
- A representative of the municipal corporation with the largest population in the county;
- The president of the board of county commissioners or an individual designated by the board;
- A representative of the regional office of the department of youth services;
- A representative of the county's head start agencies, as defined in section [3301.32](#) of the Revised Code;
- 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";
- A representative of a local nonprofit entity that funds, advocates, or provides services to children and families;
- At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council.

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.

Purpose and Statutory Requirements

The purpose of the county council is to streamline and coordinate existing government services for families seeking services for their children. The Council's statutory responsibilities include the following:

- Referrals to the cabinet council of those children for whom the county council cannot provide adequate services;
- 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;
- 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";
- Maintenance of an accountability system to monitor the county council's progress in achieving results for families and children;

**ASHTABULA COUNTY FAMILY & CHILDREN FIRST COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. DESCRIPTION OF THE ENTITY (Continued)

- Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.
- Implementation of an interagency process to establish local indicators and monitor the county's progress toward increasing child well-being in the county;
- Implementation of an interagency process to identify local priorities to increase child well-being. The local priorities shall focus on expectant parents and newborns thriving; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and youth successfully transitioning into adulthood and take into account the indicators established by the cabinet council under division (A)(4)(a) of ORC 121.37
- An annual plan that identifies the county's interagency efforts to increase child well-being in the county.

Internal Organization

The Ashtabula County Family & Children First Council has established, through its By-Laws, a number of committees to fulfill its mission and statutory obligations.

- a. **Executive Committee** provides guidance and direction to the Council; acts on behalf of the Council in between Council meetings, with Council reviewing such actions.
- b. **Early Childhood Coordinating Committee** focuses on the coordination of service delivery for children ages birth to five and assures the implementation of all Help Me Grow components.
- c. **Finance Committee** reviews matters related to the financial well-being of Council; recommends financial actions; reviews financial procedures; presents annual budgets, with estimated revenues and expenditures; monitors revenues and expenditures on regular basis; reports Audit results to Council.
- d. **Personnel Committee** reviews job descriptions, classification system and salary ranges; conducts performance evaluations; recommends personnel actions to Council.
- e. **Program Committee** reviews matters related to the services and programs provided/funded by Council, and provides oversight and monitoring as required; makes recommendations on grant applications.
- f. **Public Information Committee** provides cross training activities based on community needs; coordinates of public awareness activities.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report expenditures when commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

Fund Accounting

The Council maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions are reflected in a self-balancing group of accounts. The Council classifies its funds into the following types:

**ASHTABULA COUNTY FAMILY & CHILDREN FIRST COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- a. **General Fund:** The General Fund is the general operating fund of the Council. It is used to account for all financial resources, except those required by law or contract to be restricted. Receipts include contributions from local organizations, participant registration fees for cross training events, and Operational Capacity Building Funds (State funding to support county council operations).
- b. **Special Revenue Funds:** These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The receipts included in the Special Revenue Funds are the Help Me Grow, Ohio Children's Trust Fund, and Family-Centered Services and Support.
- c. **Fiduciary Fund – Private Purpose Trust:** This fund accounts for resources restricted by a legally binding Trust Agreement. The Council has one Private-Purpose Trust, the Laura H. Miller Trust Fund, which is to be used at the discretion of Council in accordance with the parameters set forth in the Trust Agreement.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the ACFCFC must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

- a. **Nonspendable:** The ACFCFC classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
- b. **Restricted:** Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
- c. **Committed:** The Council can *commit* amounts via formal action (resolution). The ACFCFC must adhere to these commitments unless it amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
- d. **Assigned:** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Board or an ACFCFC official delegated that authority by resolution, or by State Statute.
- e. **Unassigned:** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The ACFCFC 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.

Budgetary Process

The Ashtabula County Family and Children First Council is required to adopt a budget as per Ohio Revised Code Section 121.37(B)(5)(a). A summary of budgetary activity appears in section IV.

Administrative Agent

The Council designates an administrative agent for all funds received in the name of the Council. During the audit period, the designated administrative agent was the Ashtabula County Children Services Board. The Ashtabula County Auditor is the designated fiscal agent for the Ashtabula County Children Services Board.

**ASHTABULA COUNTY FAMILY & CHILDREN FIRST COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid and are not reflected as assets on the accompanying financial statement.

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Council.

III. EQUITY IN POOLED CASH

The Ashtabula County Treasurer maintains a cash pool used by all of the county's funds, including those of the Ashtabula County Family & Children First Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at December 31, 2012, was \$88,586 and at December 31, 2011, \$94,670. The Ashtabula County Treasurer is responsible for maintaining adequate depository collateral for all funds in Ashtabula County's pooled and deposit accounts.

IV. BUDGETARY ACTIVITY

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

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,167	\$54,092	\$4,925
Special Revenue	52,388	49,409	(2,979)
Fiduciary - Private Purpose Trust	3,000		(3,000)
Total	\$104,555	\$103,501	(\$1,054)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,485	\$55,002	\$3,483
Special Revenue	52,388	51,605	783
Fiduciary - Private Purpose Trust	3,000	2,979	21
Total	\$113,873	\$109,586	\$4,287

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,069	\$3,080	(\$27,989)
Special Revenue	430,958	225,414	(205,544)
Fiduciary - Private Purpose Trust	3,000	3,733	733
Total	\$465,027	\$232,227	(\$232,800)

**ASHTABULA COUNTY FAMILY & CHILDREN FIRST COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

IV. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$86,654	\$47,985	\$38,669
Special Revenue	430,958	227,733	203,225
Fiduciary - Private Purpose Trust	3,000	5,146	(2,146)
Total	\$520,612	\$280,864	\$239,748

V. RETIREMENT SYSTEM

The Council's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OPERS members contributed 10.0 percent of their gross salaries. The Council contributed an amount equal to 14.00 of participants' gross salaries. The Council has paid all contributions required through December 31, 2012 and 2011.

VI. RISK MANAGEMENT

Commercial Insurance

The Ashtabula County Family & Children First Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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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
Ashtabula County
P.O. Box 1175
Ashtabula, Ohio 44005

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Ashtabula County Family and Children First Council, Ashtabula County, (the "Council") as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated November 1, 2013 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit and adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

November 1, 2013



Dave Yost • Auditor of State

ASHTABULA FAMILY AND CHILDREN FIRST COUNCIL

ASHTABULA 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
DECEMBER 10, 2013**