



Dave Yost • Auditor of State



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Putnam County
124 Putnam Parkway
Ottawa, Ohio 45875-8657

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of Family and Children First Council, Putnam County, Ohio (the Council), as of and for the years ended June 30, 2016 and 2015.

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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinions.

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

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

Although the effects on the financial statements of the variances between the regulatory basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Qualified Opinion on Regulatory Basis of Accounting* paragraph below.

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 June 30, 2016 and 2015, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The Council did not adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements. As a result, the financial statements present aggregate fund balances by fund type, rather than the various fund balance classifications within each fund type.

Qualified Opinion on Regulatory Basis of Accounting

Except for the effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Family and Children First, Putnam County, Ohio as of June 30, 2016 and 2015, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1C.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2017, 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

April 18, 2017

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**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Fees	\$10,500		\$10,500
Administrative Funds - State	15,750		15,750
Administrative Funds - Local	750		750
Help Me Grow		\$96,090	96,090
Ohio Childrens Trust Fund		15,000	15,000
United Way Parent Project Grant		3,200	3,200
ENGAGE Grant		22,000	22,000
United Way Wrap Around Grant		8,000	8,000
Home Choice Transition Grant		8,000	8,000
Restricted Donations		96	96
Family Centered Services and Support		18,463	18,463
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	27,000	170,849	197,849
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries/Benefits	21,010		21,010
Travel/Training/Stipends	911		911
Supplies/Postage/Phone	540		540
Child Placement/Respite		310	310
Help Me Grow		93,244	93,244
Ohio Childrens Trust Fund		11,700	11,700
United Way Parent Project Grant		3,114	3,114
Family Centered Services and Support		21,238	21,238
United Way Wrap Around Grant		8,061	8,061
Home Choice Transition		3,420	3,420
ENGAGE Grant		4,167	4,167
Wrap Reclaim Funding		12	12
HB 289 Grant		125	125
Justice Assistance Grant		5,190	5,190
SIG Adult Prevention Grant		1,000	1,000
Restricted Donations		82	82
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	22,461	151,663	174,124
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursements	4,539	19,186	23,725
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, July 1	49,356	13,036	62,392
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30	\$53,895	\$32,222	\$86,117
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The notes to the financial statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 a County Council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership.
- b. 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.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county.
- 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 Ohio Rev. Code §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 department of education, which shall notify each board of county commissioners 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 municipal corporation with the largest population 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in Ohio Rev. Code §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. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

1. REPORTING ENTITY/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.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. 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 countywide, comprehensive, coordinated, multidisciplinary, 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";
- 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. Steering Committee

The Steering Committee acts on behalf of the Council. This Committee consists of representatives of the Cabinet membership. Committee responsibilities include the following:

- a. Contract for the administration and staffing of the Council, including a Council Coordinator, and provide direction to the Council Coordinator with regard to operations of the Council.
- b. Monitoring and directing the implementation of the Strategic Community Plan, Service Coordination Plan, and the Children's Cluster Plan.
- c. Monitoring committee work and providing direction to committee chairs.
- d. Monitoring annual operating budgets.
- e. Identifying service gaps in local community resources and developing strategies to assist children and their families.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- f. Addressing and recommending resolutions to policy issues/concerns identified by the Council.
- g. Reviewing and approving periodic reports to the State Cabinet regarding the operation of the Council.
- h. Consistent with policies of the Council, enter into contracts based on resources available and applying for and administering grants to plan and coordinate programs and services for families and children.
- i. Identifying regulation and policy waiver requests necessary to the implementation of Council plans and strategies.

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

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. 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. The Council classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Fund:

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Administrative/Fiscal Agent

Beginning July 1, 2001, the Putnam County Educational Services Center became the administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the Putnam County Educational Services Center.

F. Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Putnam County Educational Service Center as required by Ohio law.

A summary of 2016 budgetary activity appears in Note 2.

G. Cash and Investments

The Council designated the Putnam County Educational Service Center as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Putnam County Educational Service Center Treasurer and fund expenditures and balances are reported through the Educational Service Center. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,500	\$27,000	(\$1,500)
Special Revenue	185,619	170,849	(14,770)
Total	\$214,119	\$197,849	(\$16,270)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,694	\$27,572	\$26,122
Special Revenue	232,542	157,705	74,837
Total	\$286,236	\$185,277	\$100,959

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Putnam County Educational Service Center Treasurer maintains a cash and investments pool used by all of the Putnam County Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Putnam County Educational Service Center's Treasurer is responsible for compliance. The carrying amount of cash on deposit with the Center at June 30, 2016 was \$86,117.

The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

4. DEFINED BENEFIT PENSION PLAN

The Council's employees currently belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For fiscal year 2016, SERS members contributed 10%, of their gross salaries and the Council contributed an amount equaling 14%, of participants' gross salaries. The Council has paid all contributions required through June 30, 2016.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by Putnam County Educational Service Center.

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor 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.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Membership Fees	\$12,000		\$12,000
Administrative Funds - State	15,750		15,750
Administrative Funds - Local	750		750
Child Placement/Respite		\$14,443	14,443
Help Me Grow		79,770	79,770
Ohio Childrens Trust Fund		15,000	15,000
United Way Parent Project Grant		3,200	3,200
ENGAGE Grant		3,000	3,000
United Way Wrap Around Grant		8,000	8,000
Wrap Reclaim Funding		7,500	7,500
Family Centered Services and Support		33,382	33,382
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	28,500	164,295	192,795
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Salaries/Benefits	20,517		20,517
Travel/Training/Stipends	1,499		1,499
Supplies/Postage/Phone	604		604
Audit Services	2,460		2,460
Child Placement/Respite		14,133	14,133
Help Me Grow		83,944	83,944
Ohio Childrens Trust Fund		15,000	15,000
United Way Parent Project Grant		3,853	3,853
Mental Health Shared Funding		448	448
Family Centered Services and Support		20,517	20,517
United Way Wrap Around Grant		8,392	8,392
Home Choice Transition		2,451	2,451
ENGAGE Grant		1,199	1,199
Wrap Reclaim Funding		8,131	8,131
Restricted Donations		376	376
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,080	158,444	183,524
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursements	3,420	5,851	9,271
Fund Cash Balances, July 1	45,936	7,185	53,121
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, June 30	\$49,356	\$13,036	\$62,392
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The notes to the financial statements are an integral part of this statement.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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 a County Council consists of the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership.
- b. 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.
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county.
- 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 Ohio Rev. Code §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 department of education, which shall notify each board of county commissioners 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 municipal corporation with the largest population 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in Ohio Rev. Code §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. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

1. REPORTING ENTITY/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.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. 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 countywide, comprehensive, coordinated, multidisciplinary, 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";
- 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. Steering Committee

The Steering Committee acts on behalf of the Council. This Committee consists of representatives of the Cabinet membership. Committee responsibilities include the following:

- a. Contract for the administration and staffing of the Council, including a Council Coordinator, and provide direction to the Council Coordinator with regard to operations of the Council.
- b. Monitoring and directing the implementation of the Strategic Community Plan, Service Coordination Plan, and the Children's Cluster Plan.
- c. Monitoring committee work and providing direction to committee chairs.
- d. Monitoring annual operating budgets.
- e. Identifying service gaps in local community resources and developing strategies to assist children and their families.
- f. Addressing and recommending resolutions to policy issues/concerns identified by the Council.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- g. Reviewing and approving periodic reports to the State Cabinet regarding the operation of the Council.
- h. Consistent with policies of the Council, enter into contracts based on resources available and applying for and administering grants to plan and coordinate programs and services for families and children.
- i. Identifying regulation and policy waiver requests necessary to the implementation of Council plans and strategies.

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

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. 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. The Council classifies its funds into the following types:

General Fund – The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Fund:

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

E. Administrative/Fiscal Agent

Beginning July 1, 2001, the Putnam County Educational Services Center became the administrative agent and fiscal agent for the Council. Council funds were accounted for in an agency fund by the Treasurer of the Putnam County Educational Services Center.

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the Putnam County Educational Service Center as required by Ohio law.

A summary of and 2015 budgetary activity appears in Note 2.

G. Cash and Investments

The Council designated the Putnam County Educational Service Center as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Putnam County Educational Service Center Treasurer and fund expenditures and balances are reported through the Educational Service Center. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

2. BUDGETARY ACTIVITY

Budgetary activity for the year ending June 30, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,500	\$28,500	
Special Revenue	157,947	164,295	\$6,348
Total	\$186,447	\$192,795	\$6,348

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,963	\$31,811	\$14,152
Special Revenue	164,622	163,247	1,375
Total	\$210,585	\$195,058	\$15,527

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Putnam County Educational Service Center Treasurer maintains a cash and investments pool used by all of the Putnam County Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Putnam County Educational Service Center's Treasurer is responsible for compliance. The carrying amount of cash on deposit with the Center at June 30, 2015 was \$62,392.

The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

4. DEFINED BENEFIT PENSION PLAN

The Council's employees currently belong to the School Employees Retirement System (SERS) of Ohio. SERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For fiscal year 2015, SERS members contributed 10%, of their gross salaries and the Council contributed an amount equaling 14%, of participants' gross salaries. The Council has paid all contributions required through June 30, 2015.

5. RISK MANAGEMENT

The Council is insured for general liability and casualty by Putnam County Educational Service Center.

6. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor 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.



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
Putnam County
124 Putnam Parkway
Ottawa, Ohio 45875-8657

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Family and Children First Council, Putnam County, Ohio (the Council) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated April 18, 2017, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion on the financial statements because the Council did not adopt 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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.

Dave Yost
Auditor of State

Columbus, Ohio

April 18, 2017

**FAMILY AND CHILDREN FIRST COUNCIL
PUTNAM COUNTY**

SCHEDULE OF FINDINGS

JUNE 30, 2016 and 2015

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Material Weakness

Implementation of GASB 54

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints imposed upon the use of its governmental-fund resources. Those classifications include: Non-spendable, Restricted, Committed, Assigned, and Unassigned.

The Council failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions for the years ended June 30, 2016 and 2015 as mandated by the Auditor of State Bulletin 2011-004 for regulatory basis financial statements.

By not implementing GASB No. 54 the Council is not fully disclosing the manner in which fund balances are restricted. Noncompliance due to a lack of a GASB 54 policy could also affect the classification of funds and increases the risk fund balances may be improperly spent.

We recommend the Council adopt the provisions of GASB No. 54 as specified in Auditor of State Bulletin 2011-004.

Officials' Response:

We did not receive a response from Officials to this finding.



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PUTNAM FAMILY AND CHILDREN FIRST

PUTNAM 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
MAY 4, 2017**