



OHIO AUDITOR OF STATE
KEITH FABER



**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances All Governmental Fund Types – For the Year Ended December 31, 2018.....	3
Notes to the Financial Statements for the Year Ended December 31, 2018.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances All Governmental Fund Types – For the Year Ended December 31, 2017	11
Notes to the Financial Statements for the Year Ended December 31, 2017	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings.....	21
Summary Schedule of Prior Audit Findings (Prepared by Management).....	22

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Darke County
300 Garst Avenue
Greenville, Ohio 45331

To the Council Members:

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 the Family and Children First Council, Darke County, (the Council) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the accounting principles generally accepted in the United States of America. This responsibility includes the 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 such 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.

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting 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 *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 December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Family and Children First Council, Darke County as of December 31, 2018 and 2017, 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(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 29, 2019

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental - Local	\$11,700	\$0	\$11,700
Intergovernmental - State	34,281	0	34,281
<i>Total Cash Receipts</i>	<u>45,981</u>	<u>0</u>	<u>45,981</u>
Cash Disbursements:			
Contractual Services	31,523	0	31,523
Advertising and Printing	10	0	10
Audit Cost	369	0	369
Administrative	984	0	984
<i>Total Cash Disbursements</i>	<u>32,886</u>	<u>0</u>	<u>32,886</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,095</u>	<u>0</u>	<u>13,095</u>
<i>Fund Cash Balances, January 1</i>	<u>166,863</u>	<u>1,742</u>	<u>168,605</u>
Fund Cash Balances, December 31:			
Restricted	0	1,742	1,742
Assigned	179,958	0	179,958
<i>Fund Cash Balances, December 31</i>	<u><u>\$179,958</u></u>	<u><u>\$1,742</u></u>	<u><u>\$181,700</u></u>

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

This page intentionally left blank.

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting 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:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. 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. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. 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;
8. 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;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. 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

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

14. 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.

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:

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. 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;
3. 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”;
4. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
5. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Council’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

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 funds of the Council are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Fund:

Family and Children First Initiative Fund- This fund is used to support the goal of managing out of home placements responsibly. The Family and Children First Council established a pool of discretionary funds that may be used to support services or activities that will keep families united.

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council Selected the Darke County Auditor. The Council authorizes Darke County, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Darke County agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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.

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.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Fund Balance

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

Nonspendable- The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed- The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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.

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 Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2018 follows

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,981	\$45,981	\$0
Special Revenue	0	0	0
Total	\$45,981	\$45,981	\$0

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$213,479	\$33,521	\$179,958
Special Revenue	1,742	0	1,742
Total	\$215,221	\$33,521	\$181,700

Note 4 – Deposits and Investments

The Darke County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Darke County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Darke County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

	2018
Cash with Fiscal Agent	\$181,700.00

This 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.

Note 5 – Grant Funds Being Included on County Federal Schedule

The Help Me Grow Grant funding received by the Family and Children First Council for 2018 are not reflected in the accompanying financial statements due to the fact they are reflected on the Darke County Federal Financial Assistance schedule and financial statements.

Note 6 – Risk Management

Risk Pool Membership

The Council is a member of the County Risk Sharing Authority, Inc (CORSA), which is a risk sharing pool among forty one counties in Ohio. CORSA was formed in and as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage and losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. Coverage provided by CORSA are as follows:

- General, Auto and Law
- Public officials
- Flood and Earthquake
- Boiler and Machinery
- Employees Dishonesty
- Money and Securities within premises
- Money and Securities outside of premises
- Money Orders and Counterfeit Currency
- Depositors Forgery

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The continued existence of CORSA is dependent upon the County's continued participation; however the County does not have an equity interest in CORSA. A complete financial statement can be obtained from the County Risk Sharing Authority, Inc.

There has been no reduction in coverage from the prior year and settled claims have not exceeded this coverage in any of the past three years.

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental - Local	\$11,700	\$0	\$11,700
Intergovernmental - State	29,470	0	29,470
<i>Total Cash Receipts</i>	41,170	0	41,170
Cash Disbursements:			
Contractual Services	28,747	0	28,747
Advertising and Printing	10	0	10
Audit Cost	3,055	0	3,055
Other	0	3,000	3,000
<i>Total Cash Disbursements</i>	31,812	3,000	34,812
<i>Excess of Receipts Over (Under) Disbursements</i>	9,358	(3,000)	6,358
<i>Fund Cash Balances, January 1</i>	157,505	4,742	162,247
Fund Cash Balances, December 31:			
Restricted	0	1,742	1,742
Assigned	166,863	0	166,863
<i>Fund Cash Balances, December 31</i>	\$166,863	\$1,742	\$168,605

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

This page intentionally left blank.

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting 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:

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. 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. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. 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;
8. 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;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. 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

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

14. 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.

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:

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. 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;
3. 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”;
4. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
5. 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.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Council’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

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 funds of the Council are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Fund:

Family and Children First Initiative Fund- This fund is used to support the goal of managing out of home placements responsibly. The Family and Children First Council established a pool of discretionary funds that may be used to support services or activities that will keep families united.

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council Selected the Darke County Auditor. The Council authorizes Darke County, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Darke County agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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.

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.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Fund Balance

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

Nonspendable- The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed- The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council 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.

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 Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2017 follows

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,170	\$41,170	\$0
Special Revenue	0	0	0
Total	\$41,170	\$41,170	\$0

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$198,674	\$32,447	\$166,227
Special Revenue	4,742	3,000	1,742
Total	\$203,416	\$35,447	\$167,969

Note 4 – Deposits and Investments

The Darke County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Darke County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Darke County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Cash with Fiscal Agent	\$168,605.00

This 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.

Note 5 – Grant Funds Being Included on County Federal Schedule

The Help Me Grow Grant funding received by the Family and Children First Council for 2017 are not reflected in the accompanying financial statements due to the fact they are reflected on the Darke County Federal Financial Assistance schedule and financial statements.

Note 6 – Risk Management

Risk Pool Membership

The Council is a member of the County Risk Sharing Authority, Inc (CORSA), which is a risk sharing pool among forty one counties in Ohio. CORSA was formed in and as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess insurance/self insurance and risk management program. Member counties agree to jointly participate in coverage and losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. Coverage provided by CORSA are as follows:

- General, Auto and Law
- Public officials
- Flood and Earthquake
- Boiler and Machinery
- Employees Dishonesty
- Money and Securities within premises
- Money and Securities outside of premises
- Money Orders and Counterfeit Currency
- Depositors Forgery

Family and Children First Council
Darke County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The continued existence of CORSA is dependent upon the County's continued participation; however the County does not have an equity interest in CORSA. A complete financial statement can be obtained from the County Risk Sharing Authority, Inc.

There has been no reduction in coverage from the prior year and settled claims have not exceeded this coverage in any of the past three years.



One First National Plaza
130 West Second Street, Suite 2040
Dayton, Ohio 45402-1502
(937) 285-6677 or (800) 443-9274
WestRegion@ohioauditor.gov

**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
Darke County
300 Garst Avenue
Greenville, Ohio 45331

To the Council Members:

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 Family and Children First Council, Darke County, (the Council) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2019, 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.

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. 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 2018-001 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

October 29, 2019

**FAMILY AND CHILDREN FIRST COUNCIL
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

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

FINDING NUMBER 2018-001

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to improper application of accounting guidance, the following errors were identified in the financial statements:

- Governmental Accounting Standards Board (GASB) Statement No. 54 paragraph 16 (GASB Codification 1800.176) states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. Auditor of State Bulletin 2011-004 states that when the appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund, as it is the only fund with a positive unassigned fund balance. At December 31, 2018 and 2017, General Fund subsequent year appropriations in excess of estimated receipts, in the amount of \$179,323 and \$166,227 were classified as unassigned fund balance instead of assigned fund balance.

The accompanying financial statements have been adjusted to correct these errors.

Failure to correctly classify fund balances on financial statements, may impact the user's understanding of the financial operations, the Council's ability to make sound financial decisions, and result in the material misstatement of the financial statements.

The errors identified should be reviewed by the Council to help prevent similar errors in subsequent years. In addition, governmental accounting resources such as those found on the Auditor of State website at <https://ohioauditor.gov/> should be reviewed for guidance in the classification of fund balances. In addition to the monthly review of financial reports, the Council should consider a detailed review of the accounting records and the year-end financial statements to help identify and correct errors in a timely manner.

Officials' Response:

Officials did not provide a response to this finding.

**Family & Children First Council
Darke County
300 Garst Avenue
Greenville, Ohio 45331**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	The Council's financial statements for 2016 and 2015 contained classification errors for General Fund disbursements and Special Revenue Fund balance	Fully corrected	

OHIO AUDITOR OF STATE KEITH FABER



DARKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

DARKE 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 3, 2019**