



Certified Public Accountants, A.C.

**PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY
Regular Audit
For the Years Ended June 30, 2018 and 2017**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

OHIO AUDITOR OF STATE KEITH FABER



The Council
Paulding County Family and Children First Council
202 North Cherry Street
Paulding, Ohio 45879

We have reviewed the *Independent Auditor's Report* of the Paulding County Family and Children First Council, Paulding County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2016 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Paulding County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 12, 2019

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**PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

January 11, 2019

Paulding County Family and Children First Council
Paulding County
202 North Cherry Street
Paulding, Ohio 45879

To 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 the **Paulding County Family and Children First Council**, Paulding County, (the Council) as of and for the years ended June 30, 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 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 the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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*Ohio Society of CPAs * West Virginia Society of CPAs *Association of Certified Fraud Examiners * Association of Certified Anti-Money Laundering Specialists*

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 June 30, 2018 and 2017, or 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 Paulding County Family and Children First Council, Paulding County as of June 30, 2018 and 2017, and 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 January 11, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals Governmental Funds</u>
Cash Receipts:			
Intergovernmental	\$ 15,750	\$ 109,758	\$ 125,508
Interest	64	29	93
Contributions and Donations	1,500	-	1,500
	<u>17,314</u>	<u>109,787</u>	<u>127,101</u>
Total Cash Receipts			
	<u>17,314</u>	<u>109,787</u>	<u>127,101</u>
Cash Disbursements:			
Salaries and Benefits	19,345	100,341	119,686
Contractual Services	322	6,166	6,488
Travel Reimbursements	765	3,180	3,945
Rent and Telephone/Internet	-	4,842	4,842
Supplies and Materials	5	577	582
Capital Outlay	-	170	170
Services and Charges	3,841	-	3,841
	<u>24,278</u>	<u>115,276</u>	<u>139,554</u>
Total Cash Disbursements			
	<u>24,278</u>	<u>115,276</u>	<u>139,554</u>
Excess of Receipts (Under) Disbursements	(6,964)	(5,489)	(12,453)
Other Financing Receipts (Disbursements)			
Advances In	-	12,233	12,233
Advances Out	(12,233)	-	(12,233)
	<u>(12,233)</u>	<u>12,233</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)			
	<u>(12,233)</u>	<u>12,233</u>	<u>-</u>
Net Change in Fund Cash Balances	(19,197)	6,744	(12,453)
	<u>(19,197)</u>	<u>6,744</u>	<u>(12,453)</u>
Fund Cash Balances, July 1	42,297	(1,597)	40,700
	<u>42,297</u>	<u>(1,597)</u>	<u>40,700</u>
Fund Cash Balances, June 30:			
Restricted	-	5,146	5,146
Assigned	23,100	-	23,100
<i>Fund Cash Balances, December 31</i>	<u>\$ 23,100</u>	<u>\$ 5,146</u>	<u>\$ 28,246</u>

Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Note 1 – Reporting Entity

Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

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 Addiction, 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 of more than one County Board of Development Disabilities, the Superintendent's designee;
7. 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;
8. A representative of the largest city in the County;
9. The chair of the Board of County Commissioners or an individual designated by the Board;
10. A representative of the regional office of the Ohio Department of Youth Services;
11. A representative of the County's Head Start agencies, as defined in the Ohio Revised Code Section 3301.32;
12. 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

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 1 – Reporting Entity (Continued)

Description of the Entity (Continued)

13. 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.

Paulding County Family and Children First Council’s (the Council) management believes these financial statements present all activities for which the Council is financially accountable.

See Note 9 for more information about the Council’s insurance pool.

Note 2 – Summary of Significant Accounting Policies

Basis for Accounting

These financial statement follow the accounting basis permitted by the financial reporting provisions of the 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 standards 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.

Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

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 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.

Special Revenue Funds These funds are used to account for and report specific 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:

Help Me Grow Fund This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

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 has selected the Western Buckeye Educational Service Center. The Council authorizes Western Buckeye Educational Service Center, 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. The Western Buckeye Educational Service Center agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 appropriate measure with the Western Buckeye Educational Service Center as required by Ohio Law. The Council budgets on a fiscal year basis from July 1 to June 30.

The Council used the encumbrance method of accounting. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of fiscal year 2018 budgetary activity appears in Note 3.

Cash and Investments

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

Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

Note 2 – Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Cash Balance

Fund cash 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 nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund cash 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 or enabling legislation.

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

Assigned Amounts in the assigned fund cash balance classification are intended to be used by Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

Unassigned Unassigned fund cash balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental fund types, the unassigned classification is used only to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 3 – Budgetary Activity

Budgetary activity for the period July 1, 2017 through June 30, 2018 follows:

Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 17,305	\$ 17,314	\$ 9
Special Revenue	110,855	109,787	(1,068)
Total	<u>\$ 128,160</u>	<u>\$ 127,101</u>	<u>\$ (1,059)</u>

Budget vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 58,103	\$ 24,278	\$ 33,825
Special Revenue	121,565	115,276	5,705
Total	<u>\$ 179,668</u>	<u>\$ 140,138</u>	<u>\$ 39,530</u>

Note 4 – Deposits and Investments

The Western Buckeye Educational Service Center, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Western Buckeye Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Western Buckeye Educational Service Center's Treasurer is responsible for compliance. The carrying amount of deposits and investments related to the Council at June 30, 2018 was \$28,246.

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.

Note 5 – Retirement Systems

The Council's noncertified employees belong to the School Employees Retirement System (SERS) and the Council's certified employees belong to the State Teachers Retirement System (STRS). SERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For fiscal year 2018 SERS members contributed 10 percent of their gross salaries. STRS members contributed 14 percent of their gross salaries. The Council contributed an amount equaling 13.5 percent of all participants' gross salaries for SERS and 14 percent all participants' gross salaries for STRS. The Council has paid all contributions required through June 30, 2018.

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

Note 6 – Postemployment Benefits

Both SERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. SERS currently contributes 0.5 percent to fund these benefits. STRS active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Note 7 – Risk Management

Property and Liability

The Council is insured for general liability and casualty by the Paulding County Commissioners. Settled claims have not exceeded coverage in the past three years and coverage has not significantly decreased since the prior fiscal year.

Health Care Benefits

The Council participates in the Van Wert Area School Insurance Group (VWASIG), a public entity shared risk pool consisting of five members (See Note 9). Each member pays premiums to VWASIG for employee medical, dental, and life insurance benefits to the employees of the participants. VWASIG is responsible for the payment of all the VWASIG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal. Upon termination of VWASIG, all members' claims would be paid without regard to the member's account balance.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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.

Note 9 – Insurance Pool – VWASIG

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 205 West Crawford Street, Van Wert, Ohio 45891.

**PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals Governmental Funds</u>
Cash Receipts:			
Intergovernmental	\$ 15,750	\$ 96,269	\$ 112,019
Interest	59	13	72
	<u>15,809</u>	<u>96,282</u>	<u>112,091</u>
Cash Disbursements:			
Salaries and Benefits	12,402	101,497	113,899
Contractual Services	140	7,843	7,983
Travel Reimbursements	787	3,018	3,805
Advertising and Printing	95	90	185
Rent and Telephone/Internet	-	4,782	4,782
Supplies and Materials	-	1,179	1,179
Capital Outlay	-	1,080	1,080
Services and Charges	3,789	2,557	6,346
	<u>17,213</u>	<u>122,046</u>	<u>139,259</u>
Net Change in Fund Cash Balances	(1,404)	(25,764)	(27,168)
Fund Cash Balances, July 1	<u>43,701</u>	<u>24,167</u>	<u>67,868</u>
Fund Cash Balances, June 30:			
Restricted	-	14,001	14,001
Assigned	40,797	-	40,797
Unassigned (Deficit)	1,500	(15,598)	(14,098)
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 42,297</u></u>	<u><u>\$ (1,597)</u></u>	<u><u>\$ 40,700</u></u>

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Reporting Entity

Description of the Entity

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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 of more than one County Board of Development Disabilities, the Superintendent's designee;
7. 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;
8. A representative of the largest city in the County;
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Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 1 – Reporting Entity (Continued)

Description of the Entity (Continued)

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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.

Paulding County Family and Children First Council’s (the Council) management believes these financial statements present all activities for which the Council is financially accountable.

See Note 7 for more information about the Council’s insurance pool.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

These financial statement follow the accounting basis permitted by the financial reporting provisions of the 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.

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting

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Special Revenue Funds These funds are used to account for and report specific 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:

Help Me Grow Fund This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

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 has selected the Western Buckeye Educational Service Center. The Council authorizes Western Buckeye Educational Service Center, 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. The Western Buckeye Educational Service Center agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 appropriate measure with the Western Buckeye Educational Service Center as required by Ohio Law. The Council budgets on a fiscal year basis from July 1 to June 30.

The Council used the encumbrance method of accounting. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of fiscal year 2017 budgetary activity appears in Note 3.

Cash and Investments

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

Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as leaving employment or retirement, employees are entitled to cash payouts for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Cash Balance

Fund cash 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 nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form, or are legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund cash 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 or enabling legislation.

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

Assigned Amounts in the assigned fund cash balance classification are intended to be used by Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

Unassigned Unassigned fund cash balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental fund types, the unassigned classification is used only to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Paulding County Family and Children First Council
Paulding County

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 3 – Budgetary Activity

Budgetary activity for the period July 1, 2016 through June 30, 2017 follows:

Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,805	\$ 15,809	\$ 4
Special Revenue	112,521	96,282	(16,239)
Total	<u>\$ 128,326</u>	<u>\$ 112,091</u>	<u>\$ (16,235)</u>

Budget vs. Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 59,506	\$ 17,213	\$ 42,293
Special Revenue	135,911	122,046	13,864
Total	<u>\$ 195,417</u>	<u>\$ 139,260</u>	<u>\$ 56,157</u>

Note 4 – Deposits and Investments

The Western Buckeye Educational Service Center, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Western Buckeye Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Western Buckeye Educational Service Center's Treasurer is responsible for compliance. The carrying amount of deposits and investments related to the Council at June 30, 2017 was \$40,700.

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.

Note 5 – Retirement Systems

The Council's noncertified employees belong to the School Employees Retirement System (SERS) and the Council's certified employees belong to the State Teachers Retirement System (STRS). SERS and STRS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For fiscal year 2017 SERS members contributed 10 percent of their gross salaries. STRS members contributed 14 percent of their gross salaries. The Council contributed an amount equaling 14 percent of all participants' gross salaries for SERS and 14 percent all participants' gross salaries for STRS. The Council has paid all contributions required through June 30, 2017.

Paulding County Family and Children First Council

Paulding County

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

Note 6 – Postemployment Benefits

Both SERS and STRS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. SERS currently contributes 0 percent to fund these benefits. STRS active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Note 7 – Risk Management

Property and Liability

The Council is insured for general liability and casualty by the Paulding County Commissioners. Settled claims have not exceeded coverage in the past three years and coverage has not significantly decreased since the prior fiscal year.

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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.

Note 9 – Insurance Pool – VWASIG

The Van Wert Area School Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, who serves as fiscal agent, 205 West Crawford Street, Van Wert, Ohio 45891.

Note 10 – Change in Fiscal Year End

During 2016, the Council elected to change its fiscal year end from December 31, to June 30 to coincide with the fiscal year end of their fiscal agent, Western Buckeye Educational Service Center.



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

January 11, 2019

Paulding County Family and Children First Council
Paulding County
202 North Cherry Street
Paulding, Ohio 45879

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Paulding County Family and Children First Council**, Paulding County, (the Council) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated January 11, 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. Given these limitations, we did not identify any deficiencies in internal control that we would consider material weaknesses. However, unidentified material weaknesses may exist.

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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 that we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Council's management in a separate letter dated January 11, 2019.

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PAULDING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Financial Reporting	Not Corrected	Moved to Management Letter

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OHIO AUDITOR OF STATE KEITH FABER



PAULDING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PAULDING 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
MARCH 26, 2019**