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**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

Members of Council
Tuscarawas County Family and Children First Council
P.O. Box 1017
New Philadelphia, Ohio 44663

We have reviewed the *Independent Auditor's Report* of the Tuscarawas County Family and Children First Council, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. 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 Tuscarawas County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 28, 2017

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**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 30, 2017

Tuscarawas County Family and Children First Council
Tuscarawas County
P.O. Box 1017
New Philadelphia, OH 44663

To the Members of 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 **Tuscarawas County Family and Children First Council**, Tuscarawas County, (the Council) as of and for the years ended December 31, 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 the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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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 the 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 statement 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 permitted 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, 2016 and 2015, 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 combined cash balances of Tuscarawas County Family and Children First Council, Tuscarawas County, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(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 June 30, 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.



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

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental - Local	\$ 36,750	\$ -	\$ 36,750
Intergovernmental - State	80,318	83,420	163,738
Administrative	26,602	165,281	191,883
Local Contributions	9,476	-	9,476
Miscellaneous	13	-	13
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	153,159	248,701	401,860
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	118,655	41,105	159,760
Supplies	2,852	911	3,763
Contracted Services	7,031	179,799	186,830
Travel	5,232	-	5,232
Other Expenses	1,312	510	1,822
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	135,082	222,325	357,407
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balances	18,077	26,376	44,453
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	11,183	53,700	64,883
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31:			
Restricted	-	80,076	80,076
Assigned	24,457	-	24,457
Unassigned	4,803	-	4,803
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	\$ 29,260	\$ 80,076	\$ 109,336
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 109,344	\$ 235,453	\$ 344,797
Administrative	4,250	-	4,250
Other	10,446	-	10,446
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	124,040	235,453	359,493
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Salaries	66,130	42,897	109,027
Supplies	4,728	-	4,728
Equipment	310	-	310
Contracted Services	10,847	220,127	230,974
Insurance	27,434	2,777	30,211
Travel	5,506	-	5,506
OPERS	11,963	3,301	15,264
Workers Compensation	529	-	529
Other Expenses	200	-	200
Medicare	1,189	342	1,531
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	128,836	269,444	398,280
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balancee	(4,796)	(33,991)	(38,787)
Fund Cash Balances, January 1	15,979	87,691	103,670
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31:			
Restricted	-	53,700	53,700
Assigned	10,313	-	10,313
Unassigned	870	-	870
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 11,183</u>	<u>\$ 53,700</u>	<u>\$ 64,883</u>

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

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 – REPORTING ENTITY

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

- a. 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;
- 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. 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;
- c. 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;
- d. The Director of the County Department of Job and Family Services;
- e. 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;
- f. 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;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the 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 Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 1 – REPORTING ENTITY (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. In seeking to fulfill its purpose, a County Council shall provide for the following:

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

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

The Council participates in a joint self-insurance pool. Note 5 to the financial statements provides additional information.

The Council's management believes these financials 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:

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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 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 Funds:

Help Me Grow Grant Fund GRF – This fund received state grant monies restricted for the purpose of the grant provisions

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives state and 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-Centered Services and Supports Fund – This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

Home Choice Fund – This fund receives grant monies to assist children/adolescents with disabilities to move from long-term services and support systems to home and community-based settings.

Ohio Children’s Trust Fund – This fund receives grant monies to fund positive parenting programs.

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 Alcohol, Drug Addiction & Mental Health Services Board of Tuscarawas & Carroll Counties. The Council authorizes the Alcohol, Drug Addiction & Mental Health Services Board of Tuscarawas & Carroll Counties as 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 Alcohol, Drug Addiction & Mental Health Services Board of Tuscarawas & Carroll Counties agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement. The Tuscarawas County Auditor serves as the fiscal agent for the Council.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Council filed an estimate of financial resources and an appropriation measure with the Tuscarawas County Auditor as required by Ohio law.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

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

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.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

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, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 176,744	\$ 153,159	\$ (23,585)
Special Revenue	231,274	248,701	17,427
Total	\$ 408,018	\$ 406,360	\$ (1,658)
2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 181,367	\$ 135,414	\$ 45,953
Special Revenue	226,422	224,305	2,117
Total	\$ 407,789	\$ 359,719	\$ 48,070

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 3 – BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 131,546	\$ 124,040	\$ (7,506)
Special Revenue	243,191	235,453	(7,738)
Total	\$ 374,737	\$ 359,493	\$ (15,244)
2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 147,101	\$ 128,938	\$ 18,163
Special Revenue	325,958	269,444	56,514
Total	\$ 473,059	\$ 398,382	\$ 74,677

NOTE 4 – DEPOSITS AND INVESTMENTS

The Tuscarawas County Treasurer, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Tuscarawas County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Tuscarawas County Auditor is responsible for compliance. The Council's carrying amount of deposits with the Tuscarawas County Children Services Board at December 31, 2016 and December 31, 2015 was \$109,336 and \$64,883, respectively.

	2016	2015
Demand Deposits	\$109,336	\$64,883
Total Deposits	\$109,336	\$64,883

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

NOTE 5 – RISK MANAGEMENT

Commercial Insurance

The Council is insured through Tuscarawas County. Tuscarawas County participates in the Public Entity Risk Consortium, a joint self-insurance pool for Ohio public entities. Coverage is maintained for the following risks:

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

Settled claims have no exceeded this commercial coverage in any of the last three years.

There has not been a significant reduction in this coverage from the prior year.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 5 – RISK MANAGEMENT (Continued)

Health Insurance

The Council offers health insurance to all employees through Tuscarawas County. The Council contributes their monthly premiums and the premiums are paid to the County.

NOTE 6 – DEFINED BENEFIT PENSION PLANS

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10%, respectively, of their gross salaries, and the Council contributed an amount equal to 14%, respectively, of members' gross salaries. The Council has paid all contributions required through December 31, 2016.

NOTE 7 – POSTEMPLOYMENT BENEFITS

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

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 – RELATED PARTY TRANSACTIONS

The Council uses office space provided by the administrative agent. The administrative agent received \$2,000 per year in administrative fees from the Council.

Tuscarawas County Auditor serves as the Council's fiscal agent. The Council paid \$2,682 to Tuscarawas County Commissioners during 2016 and \$2,109 during 2015 under their cost allocation plan for services provided.

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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**

June 30, 2017

Tuscarawas County Family and Children First Council
Tuscarawas County
P.O. Box 1017
Tuscarawas, OH 44663

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 the **Tuscarawas County Family and Children First Council**, Tuscarawas County, (the Council) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 30, 2017 wherein we noted the Council followed financial provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 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 audit findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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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 we must report under *Government Auditing Standards*.

Council's Response to Findings

The Council's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Material Weakness

Classification of Revenue and Fund Balance

The Council should have procedures and controls in place to help prevent and detect errors in financial reporting. The following errors were identified on the financial statements:

- Outstanding encumbrances for the Special Revenue Fund were classified as Assigned Fund Balance rather than as Restricted Fund Balance in 2016;
- Governmental Accounting Standards Board (GASB) Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources) for the General Fund, the excess is to be assigned as it is the only fund with a positive unassigned fund balance. The FCFC did not include the \$10,211 excess of 2016 appropriations over estimated receipts as assigned fund balance in the General Fund for 2015;
- County distribution receipts for the General Fund were classified as Administrative rather than as Intergovernmental in 2015;
- County distribution receipts for the General Fund were classified as Other rather than as Intergovernmental in 2015.

The failure to properly classify receipts and fund balance resulted in reclassifications of the financial statements. The accompanying financial statements reflect all reclassifications.

To improve financial reporting and accountability, the Council should implement procedures to review the requirement of GASB Statement No. 54 and Auditor of State Bulletin 2011-004 in order to properly classify fund balance at year end. Failure to do so could result in materially misstated financial statements.

The Council should implement procedures to monitor the recording of revenue to the correct line item classification on the annual financial report.

Management's Response – The FCFC administrative agent acknowledges the requirement for outstanding encumbrances in the Special Revenue Fund in the amount of \$1,980 be classified as Restricted instead of Assigned. This was an error that should have been corrected prior to submission. A more thorough review of the finalized annual report will be done administrative agent staff members as well as support from the Tuscarawas County Auditor's Office.

The CY 2015 Annual Report was the first time an annual report as detailed as required by the Hinkle System was completed by the administrative agent of the Family & Children First Council. After an audit review of the administrative agent's (ADAMHS Board) CY 2015 Annual Report, the issue of not including excess 2016 appropriations over estimated receipts as assigned balance in the General Fund for 2015 was correctly represented in the CY 2016 Annual Reports for both FCFC and ADAMHS.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001 (Continued)

Material Weakness (Continued)

Classification of Revenue and Fund Balance (Continued)

Management's Response (Continued) – The incorrect classification of county distribution receipts for the General Fund that were classified as Administrative or Other rather than Intergovernmental Local in CY 2015 was correctly classified in the CY 2016 Annual Report.

**TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Significant Deficiency: Financial Reporting	No	Repeated as Finding 2016-001

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Dave Yost • Auditor of State

TUSCARAWAS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 7, 2017**