



Dave Yost • Auditor of State

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Seneca County Family and Children First Council
Seneca County
201 South Washington Street
Tiffin, Ohio 44883-2690

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Seneca County Family and Children First Council, Seneca County, Ohio (the Council) as of and for the years ended June 30, 2014 and 2013.

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 opinion.

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

As described in Note 1 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2014 and 2013, 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 Seneca County Family and Children First Council, Seneca County, Ohio as of June 30, 2014 and 2013, 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 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2013, the Council adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2014

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<i>Cash Receipts:</i>			
Membership Dues	\$34,500		\$34,500
Administrative Dues	22,661		22,661
Intergovernmental Revenues	15,750	\$205,376	221,126
Miscellaneous Revenue	2,209	31,186	33,395
<i>Total Cash Receipts</i>	75,120	236,562	311,682
<i>Cash Disbursements:</i>			
Salaries/Benefits	78,651	78,736	157,387
Purchased Services	11,465	147,909	159,374
Supplies and Materials	452	228	680
Other	2,512	13,421	15,933
<i>Total Cash Disbursements</i>	93,080	240,294	333,374
<i>Excess of Disbursements Over Receipts</i>	(17,960)	(3,732)	(21,692)
<i>Other Financing Receipts (Disbursements):</i>			
Transfers In		38,388	38,388
Transfers Out		(38,388)	(38,388)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(17,960)	(3,732)	(21,692)
<i>Fund Cash Balances, July 1</i>	67,023	110,159	177,182
<i>Fund Cash Balances, June 30:</i>			
Restricted		106,427	106,427
Assigned	1,121		1,121
Unassigned	47,942		47,942
<i>Fund Cash Balances, June 30</i>	\$49,063	\$106,427	\$155,490

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<i>Cash Receipts:</i>			
Membership Dues	\$36,500		\$36,500
Administrative Dues	25,872		25,872
Intergovernmental Revenues	15,750	\$288,149	303,899
Donations		2,500	2,500
Miscellaneous Revenue	500	18,563	19,063
<i>Total Cash Receipts</i>	<u>78,622</u>	<u>309,212</u>	<u>387,834</u>
<i>Cash Disbursements:</i>			
Salaries/Benefits	73,876	117,424	191,300
Purchased Services	11,708	165,110	176,818
Supplies and Materials	171	848	1,019
Capital Outlay		426	426
Other	4,950	19,403	24,353
<i>Total Cash Disbursements</i>	<u>90,705</u>	<u>303,211</u>	<u>393,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,083)</u>	<u>6,001</u>	<u>(6,082)</u>
<i>Other Financing Receipts (Disbursements):</i>			
Transfers In		31,418	31,418
Transfers Out		(31,418)	(31,418)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(12,083)	6,001	(6,082)
<i>Fund Cash Balances, July 1</i>	<u>79,106</u>	<u>104,158</u>	<u>183,264</u>
<i>Fund Cash Balances, June 30:</i>			
Restricted		110,159	110,159
Assigned	292		292
Unassigned	66,731		66,731
<i>Fund Cash Balances, June 30</i>	<u>\$67,023</u>	<u>\$110,159</u>	<u>\$177,182</u>

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

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

Note 1 Reporting Entity/Summary of Significant Accounting Policies

A. 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:

- 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.
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County.
- 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;
- 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.

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(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.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

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

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)**

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements basis of accounting. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

D. Fund Accounting

The Council uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Council classifies its funds into the following types:

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

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

Help Me Grow Grant Fund – This fund receives reimbursements from Job and Family Services for services Council provides to eligible families. Additionally, GRF and Part C funds are provided by the Ohio Department of Health.

E. 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 North Central Ohio Educational Service Center. The Council authorizes North Central Ohio 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 North Central Ohio Educational Service Center agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

F. Budgetary Process

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

A summary of 2014 and 2013 budgetary activity appears in Note 2.

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)**

G. Cash and Investments

The Council's fiscal agent is the custodian for the Council's cash and investments. The fiscal agent maintains a cash and investment pool used for all of the fiscal agent's funds, including those of the Council. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

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

I. 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.

J. Fund Balance

In 2013, the Council implemented Governmental Accounting Standards Board (GASB) No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," which had no effect on fund balances. Under GASB 54, 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 nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or 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 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 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 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 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 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.

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)**

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

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 2 Budgetary Activity

Budgetary activity for the fiscal years ending June 30, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,826	\$75,120	\$1,294
Special Revenue	263,797	274,950	11,153
Total	\$337,623	\$350,070	\$12,447

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,885	\$93,080	\$15,805
Special Revenue	302,352	278,682	23,670
Total	\$411,237	\$371,762	\$39,475

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,210	\$78,622	\$5,412
Special Revenue	401,433	340,630	(60,803)
Total	\$474,643	\$419,252	(\$55,391)

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,572	\$90,705	\$19,867
Special Revenue	359,659	334,629	25,030
Total	\$470,231	\$425,334	\$44,897

Note 3 Equity in Pooled Cash and Investments

The North Central Ohio Educational Service Center, as fiscal agent for the Council, maintains a cash and investments pool used by all of the North Central Ohio Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the North Central Ohio Educational Service Center is responsible for compliance. The carrying amount of deposits and investments at June 30 was as follows:

	2014	2013
Total deposits and investments	\$155,490	\$177,182

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 4 Retirement System

The Council contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the Council is required to contribute at an actuarially determined rate. The current Council rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The Council has paid all contributions required through June 30, 2014.

Note 5 Risk Management

General Insurance

The Council is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Seneca County Commissioners, on behalf of County Departments including the Council, contracted with County Risk Sharing Authority (CORSA) for liability insurance. Coverage provided by CORSA includes the following:

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(Continued)**

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Crime Coverage	1,000,000
Errors and Omissions Liability	1,000,000
Employee Dishonesty	1,000,000
Excess Liability	4,000,000

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

Note 6 Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 7 Transfers

In 2014, the Council had transfers as follows:

<u>Transfer From:</u>	<u>Transfers To:</u>	<u>Amount</u>
Help Me Grow FY13	Help Me Grow FY14	\$ 1,625
Wrap Around FY13	Wrap Around FY14	<u>36,763</u>
Total		<u>\$ 38,388</u>

In 2013, the Council had transfers as follows:

<u>Transfer From:</u>	<u>Transfers To:</u>	<u>Amount</u>
Wrap Around FY 12	Wrap Around FY 13	\$ 26,418
Service Coordination	SMYL FY 13	<u>5,000</u>
Total		<u>\$ 31,418</u>

Transfers are used to move the remaining balance from the previous fiscal year fund to the current fiscal year fund, as well as to supplement new grant programs.

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Dave Yost • Auditor of State

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

Seneca County Family and Children First Council
Seneca County
201 South Washington Street
Tiffin, Ohio 44883

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Seneca County Family and Children First Council, Seneca County, Ohio, (the Council) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2014, 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, and wherein the Council adopted Government Accounting Standards Board Statement No. 54 in fiscal year 2013.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of findings 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*.

Entity's Response to Findings

The Council's response to the finding identified in our audit is described in the accompanying schedule of 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.



Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2014

**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SENECA COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness – Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

The original report submitted by the Council for audit did not include the proper GASB 54 fund balance classifications. As a result, the June 30, 2014 General and Special Revenue fund balances of \$49,063 and \$106,427 were reclassified from “fund balance” to assigned fund balance of \$1,121 and unassigned fund balance of \$47,942 in the general fund and restricted fund balance of \$106,427 in the special revenue funds. The June 30, 2013 General and Special Revenue fund balances of \$67,023 and \$110,159 were reclassified from “fund balance” to assigned fund balance of \$292 and unassigned fund balance of \$66,731 in the general fund and restricted fund balance of \$110,159 in the special revenue funds. We recommend the Council prepare their report in accordance with the provision of GASB Statement No. 54 for all future reporting.

Officials’ Response:

In response to the Material Weakness regarding GASB Statement No. 54, the ESC reviewed Auditor of State Bulletin 2011-004 and made the necessary changes immediately once we were advised of the requirement. As a first year Treasurer in FY 14, I had not received the bulletin in 2011 and was not aware of this change in the reporting of fund balances. All future reports will be filed in compliance with GASB Statement No. 54.

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Dave Yost • Auditor of State

SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

SENECA 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
JANUARY 8, 2015**