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Certified Public Accountants, A.C.

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

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# Dave Yost • Auditor of State

Members of Council  
Auglaize County Family and Children First Council  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

We have reviewed the *Independent Auditor's Report* of the Auglaize County Family and Children First Council, Auglaize 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 Auglaize 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

July 14, 2017

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**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

June 23, 2017

Auglaize County Family and Children First Council  
Auglaize County  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

To the Members of the Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of **Auglaize County Family and Children First Council**, Auglaize 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 Auglaize County Family and Children First Council, Auglaize 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 23, 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



**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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>
<b>Cash Receipts:</b>			
Intergovernmental	\$ 15,750	\$ 193,035	\$ 208,785
Miscellaneous	20,002	8,800	28,802
	<u>35,752</u>	<u>201,835</u>	<u>237,587</u>
<b>Total Cash Receipts</b>			
	<u>35,752</u>	<u>201,835</u>	<u>237,587</u>
<b>Cash Disbursements:</b>			
Salary	21,577	148,114	169,691
Medicare Tax	313	2,036	2,349
Supplies	-	4,466	4,466
Contract Services	41	18,595	18,636
Travel/Training	392	10,000	10,392
Hospitalization	-	9,757	9,757
PERS	3,120	21,778	24,898
Workers' Compensation	522	3,605	4,127
Administration	-	778	778
Project	-	7,394	7,394
Other	-	1,450	1,450
	<u>25,965</u>	<u>227,973</u>	<u>253,938</u>
<b>Total Cash Disbursements</b>			
	<u>25,965</u>	<u>227,973</u>	<u>253,938</u>
<b>Other Financing Receipts (Disbursements):</b>			
Advances In	-	27,836	27,836
Advances Out	(27,836)	-	(27,836)
	<u>(27,836)</u>	<u>27,836</u>	<u>-</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
	<u>(27,836)</u>	<u>27,836</u>	<u>-</u>
<b>Net Change in Fund Cash Balances</b>	(18,049)	1,698	(16,351)
<b>Fund Cash Balances, January 1</b>	<u>38,862</u>	<u>34,320</u>	<u>73,182</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	36,018	36,018
Assigned	16,238	-	16,238
Unassigned	4,575	-	4,575
	<u>20,813</u>	<u>36,018</u>	<u>56,831</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 20,813</u>	<u>\$ 36,018</u>	<u>\$ 56,831</u>

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

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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>
<b>Cash Receipts:</b>			
Intergovernmental	\$ 15,750	\$ 225,780	\$ 241,530
Miscellaneous	12,438	4,000	16,438
<b>Total Cash Receipts</b>	<u>28,188</u>	<u>229,780</u>	<u>257,968</u>
<b>Cash Disbursements:</b>			
Salary	21,075	145,565	166,640
Medicare Tax	306	2,001	2,307
Supplies	30	1,348	1,378
Contract Services	3,690	19,566	23,256
Travel/Training	754	9,551	10,305
Hospitalization	-	8,003	8,003
PERS	2,921	20,359	23,280
Workers' Compensation	282	2,000	2,282
Administration	-	766	766
Project	-	14,794	14,794
Other	-	1,225	1,225
<b>Total Cash Disbursements</b>	<u>29,058</u>	<u>225,178</u>	<u>254,236</u>
<b>Other Financing Receipts (Disbursements):</b>			
Advances In	9,949	9,949	19,898
Advances Out	(9,949)	(9,949)	(19,898)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Cash Balances</b>	(870)	4,602	3,732
<b>Fund Cash Balances, January 1</b>	<u>39,732</u>	<u>29,718</u>	<u>69,450</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	34,320	34,320
Assigned	19,455	-	19,455
Unassigned	19,407	-	19,407
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 38,862</u></u>	<u><u>\$ 34,320</u></u>	<u><u>\$ 73,182</u></u>

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

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**Note 1 – Reporting Entity**

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

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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:

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

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

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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)***

***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 State GRF*** This fund accounts for funding to provide direct services to children ages birth to three who are at significant developmental risk, and their families.

***Help Me Grow EI-Part C*** This fund accounts for funding to provide direct services to children ages birth to three who are at significant developmental risk, and their families.

***Children’s Trust Fund*** This fund accounts for funding to provide child abuse and neglect prevention programming.

***Family Stability Fund*** This fund accounts for local and state funding to provide services and supports for families involved with the county’s service coordination program.

***Administrative/Fiscal Agent***

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected Auglaize County Board of Health. The Council authorizes the Auglaize County Auditor, as fiscal agent. The Council authorizes its 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 Auglaize County Auditor agrees to be ultimately responsible for fulfilling the fiscal obligations of the agreement, and the Board of Health the administrative obligations of the agreement.

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

The Council designated the Auglaize County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Auglaize County Treasurer and fund expenditures and balances are reported through the Auglaize 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 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.

***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.

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**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	\$ 60,000	\$ 35,752	\$ (24,248)
Special Revenue	221,063	201,835	(19,228)
Total	\$ 281,063	\$ 237,587	\$ (43,476)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,650	\$ 25,995	\$ 22,655
Special Revenue	266,315	238,488	27,827
Total	\$ 314,965	\$ 264,483	\$ 50,482

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,245	\$ 28,188	\$ (15,057)
Special Revenue	211,968	229,780	17,812
Total	\$ 255,213	\$ 257,968	\$ 2,755

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,100	\$ 29,113	\$ 39,987
Special Revenue	254,476	225,900	28,576
Total	\$ 323,576	\$ 255,013	\$ 68,563

**Note 4 – Deposits and Investments**

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

	2016	2015
Total deposits and investments	\$ 56,831	\$ 73,182

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

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**Note 5 – Risk Management**

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Council (under the umbrella of the General Health District of Auglaize County) belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$12.0 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased to 499 members in 2015 and 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Society's share of these unpaid claims collectible in future years is approximately \$7,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.



**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

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

**Note – 5 Risk Management (Continued)**

<u>Contributions to PEP</u>	
<u>2016</u>	<u>2015</u>
\$10,584	\$10,616

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**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 this plan's 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 and 10 percent, respectively, of their gross salaries and the Council contributed an amount equaling 14 and 14 percent, respectively, of participants' gross salaries. The Council has paid all contributions required through December 31, 2016.

**Note 7 – 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 8 – Interfund Advances**

Outstanding advances at December 31, 2016, consisted of \$13,321 advanced to the Help Me Grow Home Visiting fund and \$14,515 advanced to the Help Me Grow Part C Federal fund to provide working capital for operations.



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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 23, 2017

Auglaize County Family and Children First Council  
Auglaize County  
1045 Dearbaugh Ave., Suite 2  
Wapakoneta, Ohio 45895

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 **Auglaize County Family and Children First Council**, Auglaize 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 23, 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*.

***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

**AUGLAIZE FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED NOVEMBER 30, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness**

**Financial Reporting**

The Family and Children First Council (FCFC) prepared its annual financial statements in accordance with the accounting practices the Auditor of State prescribes or permits. The FCFC's annual financial statements for 2016 and 2015 were reclassified or adjusted for the following errors:

- 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), the excess is to be assigned as it is the only fund with a positive unassigned fund balance. The FCFC did not include the \$16,208 excess of 2017 appropriations over estimated receipts as assigned fund balance in the General Fund for 2016, and \$19,400 excess of 2016 appropriations over estimated receipts as assigned fund balance in the General Fund for 2015;
- Auditor of State Bulletin 2011-004 states that encumbered amounts will be included in the restricted, committed and assigned fund balance classifications. Issuing a purchase order assigns the amount of the purchase order to a specific purpose; thus, the outstanding encumbrance amount is included in assigned fund balance, unless the purchase order relates to restricted or committed resources. The FCFC did not classify outstanding encumbrances in the General Fund as assigned in 2016 and 2015 in the amount of \$30 and \$55, respectively;
- In 2016, Intergovernmental Revenue was improperly recorded as Miscellaneous Revenue in the Help Me Grow Home Visiting and Help Me Grow Part C Federal funds in the amounts of \$15,420 and \$8,500, respectively;
- In 2015, Intergovernmental Revenue was improperly recorded as Miscellaneous Revenue in the Help Me Grow Home Visiting fund in the amount of \$11,283;
- In 2016, advances out of the general fund into the Help Me Grow Home Visiting and Help Me Grow Part C Federal funds were not presented in the financial statements in the amount of \$13,321 and \$14,515, respectively; and
- In 2015, advances out of the general fund into the Help Me Grow Part C Federal and Help Me Grow State GRF funds were not presented in the financial statements in the amount of \$7,330 and \$2,619.

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 revenue, expenditures and report fund balance at year end. Failure to do so could result in materially misstated financial statements.

**Officials' Response** – Officials did not provide a response to this finding.

**AUGLAIZE COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
AUGLAIZE 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; <b><i>Explain</i></b>
2014-001	Material Weakness: Financial Reporting	No	Not Corrected; Repeated as 2016-001
2014-002	Noncompliance: Financial Report Filing	Yes	N/A

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# Dave Yost • Auditor of State

**AUGLAIZE FAMILY AND CHILDREN FIRST**

**AUGLAIZE 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  
AUGUST 24, 2017**