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Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Family and Children First Council  
Van Wert County  
205 West Crawford Street  
Van Wert, Ohio 45891

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 the Family and Children First Council, Van Wert County, (the Council) as of and for the years ended June 30, 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.

### ***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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

February 2, 2017

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental - State	\$15,750	\$70,797	\$86,547
Intergovernmental - Federal		34,957	34,957
Local Contributions	2,500		2,500
Total Cash Receipts	<u>18,250</u>	<u>105,754</u>	<u>124,004</u>
<b>Cash Disbursements:</b>			
Personal Services	11,027		11,027
Contractual Services		96,838	96,838
Advertising and Printing	19		19
Travel Reimbursements	362		362
Family-Centered Services and Support		18,776	18,776
Special Services - United Way Family Support	2,500		2,500
Insurance	25		25
Total Cash Disbursements	<u>13,933</u>	<u>115,614</u>	<u>129,547</u>
Excess of Receipts Over (Under) Disbursements	<u>4,317</u>	<u>(9,860)</u>	<u>(5,543)</u>
<b>Other Financing Disbursements:</b>			
Refund of Prior Year Receipt		(1,028)	(1,028)
Total Other Financing Disbursements		<u>(1,028)</u>	<u>(1,028)</u>
Net Change in Fund Cash Balances	4,317	(10,888)	(6,571)
Fund Cash Balances, July 1	<u>67,501</u>	<u>13,100</u>	<u>80,601</u>
<b>Fund Cash Balances, June 30:</b>			
Restricted		12,921	12,921
Unassigned (Deficit)	71,818	(10,709)	61,109
Fund Cash Balances, June 30	<u>\$71,818</u>	<u>\$2,212</u>	<u>\$74,030</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental - Local	\$10,000		\$10,000
Intergovernmental - State	15,750	\$70,223	85,973
Intergovernmental - Federal		20,703	20,703
Local Contributions	2,000		2,000
Total Cash Receipts	<u>27,750</u>	<u>90,926</u>	<u>118,676</u>
<b>Cash Disbursements:</b>			
Personal Services	11,109		11,109
Contractual Services	1,599	65,215	66,814
Advertising and Printing	131		131
Travel Reimbursements	95		95
Family-Centered Services and Support		20,776	20,776
Special Services - United Way Family Support	2,000		2,000
Insurance	25		25
Total Cash Disbursements	<u>14,959</u>	<u>85,991</u>	<u>100,950</u>
Excess of Receipts Over Disbursements	<u>12,791</u>	<u>4,935</u>	<u>17,726</u>
<b>Other Financing Disbursements:</b>			
Refund of Prior Year Receipt		(7,137)	(7,137)
Total Other Financing Disbursements		<u>(7,137)</u>	<u>(7,137)</u>
Net Change in Fund Cash Balances	12,791	(2,202)	10,589
Fund Cash Balances, July 1	<u>54,710</u>	<u>15,302</u>	<u>70,012</u>
<b>Fund Cash Balances, June 30:</b>			
Restricted		26,882	26,882
Assigned	1,150		1,150
Unassigned (Deficit)	66,351	(13,782)	52,569
Fund Cash Balances, June 30	<u>\$67,501</u>	<u>\$13,100</u>	<u>\$80,601</u>

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



**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

**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. 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 of 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

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council.

The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 accounting basis. The Council 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.

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

**Special Revenue Funds** – These funds are used to account for and report specific sources (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 Funds:

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

**Special Education Grant – Infants and Families (HMG-Part C)** – This fund receives 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.

**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 Van Wert City School District. The Council authorizes Van Wert City School District, 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 Van Wert City School District agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Van Wert City School District as required by Ohio law.

A summary of 2016 and 2015 budgetary activity appears in Note 2.

**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. The deposits and investments of the Council's assets are subject to the Van Wert City School District's Investment Policy.

**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. 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:

**Non-spendable** – The non-spendable 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.

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

**2. BUDGETARY ACTIVITY**

Budgetary activity for the fiscal years ending June 30, 2016 and 2015 follows:

**2016 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$28,250	\$18,250	(\$10,000)
Special Revenue	141,968	105,754	(36,214)
Total	<u>\$170,218</u>	<u>\$124,004</u>	<u>(\$46,214)</u>

**2016 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$29,400	\$13,933	\$15,467
Special Revenue	154,525	116,642	37,883
Total	<u>\$183,925</u>	<u>\$130,575</u>	<u>\$53,350</u>

**2015 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$27,750	\$27,750	
Special Revenue	122,390	90,926	(\$31,464)
Total	<u>\$150,140</u>	<u>\$118,676</u>	<u>(\$31,464)</u>

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$28,900	\$14,959	\$13,941
Special Revenue	137,149	93,128	44,021
Total	<u>\$166,049</u>	<u>\$108,087</u>	<u>\$57,962</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The Van Wert City School District, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Van Wert City School District funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Van Wert City School District is responsible for compliance. The carrying amount of deposits and investments at June 30 was as follows:

	<u>2016</u>	<u>2015</u>
Demand deposits	<u>\$74,030</u>	<u>\$80,601</u>
Total deposits	<u>\$74,030</u>	<u>\$80,601</u>

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.

**4. RETIREMENT SYSTEM**

The Council's employees belong to the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple-employer plans. 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, SERS members contributed 10%, of their gross salaries and the Council contributed an amount equaling 14%, of participants' gross salaries. The Council has paid all contributions required through June 30, 2016.

**5. POSTEMPLOYMENT BENEFITS**

SERS offers a cost-sharing, multiple-employer defined benefit postemployment plans, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. SERS currently contributes 0 percent to fund these benefits.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Council is an additional insured entity on the liability policy of the administrative / fiscal agent, Van Wert City School District which includes the following:

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

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015  
(Continued)**

**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.

**8. RELATED ORGANIZATIONS**

On April 5, 2016 the Van Wert County Commissioners adopted a resolution designating the Family and Children First Council, Van Wert County to organize and serve as the Van Wert County Healthier Buckeye Council. The Van Wert County Healthier Buckeye Council met to organize and conduct necessary business on April 28, 2016. The local Healthier Buckeye Councils of Auglaize, Hardin, and Van Wert Counties entered into a Memorandum of Understanding and jointly submitted a program application for the Healthier Buckeye Grant Pilot Program. The program application was approved. The Healthier Buckeye Council of Hardin County is the Lead Council and serves as fiscal agent. The Family and Children First Council is not obligated to provide any funds or services to participate in this grant as the Van Wert County Healthier Buckeye Council.

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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

Family and Children First Council  
Van Wert County  
205 West Crawford Street  
Van Wert, Ohio 45891

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 Family and Children First Council, Van Wert County, (the Council) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated February 2, 2017 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Council's Response to Finding***

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

February 2, 2017

**FAMILY AND CHILDREN FIRST COUNCIL  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 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**

**Classification of Revenue and Fund Balances**

The Council should have procedures in place to provide that the annual financial statements are complete and accurate. The following classification errors were identified in the financial statements for fiscal year 2016 and 2015:

- In 2016 the revenues received from the United Way were posted as Intergovernmental-Local instead of Local Contributions in the amount of \$2,500.
- In 2016, the revenues received from the State of Ohio for general operations funding were posted as Intergovernmental - Local instead of Intergovernmental - State in the amount of \$15,750.
- In 2016, the Family Center Services and Support Fund had a negative fund balance at June 30, 2016 of \$10,709, and should have been reported as Unassigned in the Special Revenue Fund per GASB 54 guidance.
- In 2015 the revenues received from the United Way were posted as Intergovernmental-Local instead of Local Contributions in the amount of \$2,000.
- In 2015, the revenues received from the State of Ohio for general operations funding were posted as Intergovernmental - Local instead of Intergovernmental - State in the amount of \$15,750.
- In 2015, the 2016 budgeted expenditures exceeded budgeted receipts by \$1,150 for the General fund, and should have been reported as Assigned per GASB 54 guidance.
- In 2015, the Family Center Services and Support Fund had a negative fund balance at June 30, 2015 of \$13,782, and should have been reported as Unassigned in the Special Revenue Fund per GASB 54 guidance.

The failure to properly post receipts and fund balances resulted in a material misstatement of the reported revenue line accounts and fund balances. The accompanying financial statements have been adjusted to include all the reclassifications.

The Council should implement procedures to monitor the recording of revenue and fund balances to the correct line item classification.

**Officials' Response**

These classification errors had no effect on Council's fund cash balances; however, moving forward the Council will monitor and correct these errors.

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# Dave Yost • Auditor of State

**VAN WERT COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**VAN WERT 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  
FEBRUARY 28, 2017**