



Dave Yost • Auditor of State

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Balances) – All Governmental Fund Types – For the Year Ended December 31, 2016.....	5
Notes to the Financial Statements – For the Year Ended December 31, 2016	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Balances) – All Governmental Fund Types – For the Year Ended December 31, 2015.....	13
Notes to the Financial Statements – For the Year Ended December 31, 2015	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21
Schedule of Findings.....	23
Prepared by Management:	
Summary Schedule of Prior Audit Findings	24

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Geauga County Family and Children First Council
Geauga County
12480 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

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 Geauga County Family and Children First Council, Geauga 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.

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

As described in Note 2 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Beginning and Ending Fund Cash Balances and Budgetary Activity Notes

In prior years, the Council included State and Federal grant funds in its General Fund and not apart from the rest of its fund balance. Paragraph 18 of Governmental Accounting Standards Board Statement No. 54 requires funds of this type to be classified as Restricted, a classification which is not permitted in the General Fund. We cannot reasonably determine the amount by which this misstates Fund Cash Balances as of January 1 and December 31, 2016 and 2015, respectively.

The Council also did not track budgetary activity related to the above grant funds, resulting in an ability to substantiate the General Fund and Special Revenue Fund Budgeted Receipts for the year ended December 31, 2015, and the Council's Appropriations for the years ended December 31, 2016 and 2015, respectively.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Beginning and Ending Fund Cash Balances and Budgetary Activity Notes* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Geauga County Family and Children First Council, Geauga 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 15, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

June 15, 2017

This page intentionally left blank.

Geauga County Family and Children First Council
Geauga County, Ohio

*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*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$0	\$243,180	\$243,180
Local Contributions	763,407	0	763,407
Miscellaneous	252,842	0	252,842
<i>Total Cash Receipts</i>	<u>1,016,249</u>	<u>243,180</u>	<u>1,259,429</u>
Cash Disbursements			
Personal Services	156,969	0	156,969
Contractual Services	0	227,649	227,649
Other	842,624	0	842,624
<i>Total Cash Disbursements</i>	<u>999,593</u>	<u>227,649</u>	<u>1,227,242</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,656</u>	<u>15,531</u>	<u>32,187</u>
<i>Fund Cash Balances, January 1</i>	<u>333,282</u>	<u>18,113</u>	<u>351,395</u>
Fund Cash Balances, December 31:			
Restricted	0	33,644	33,644
Assigned	349,938	0	349,938
<i>Fund Cash Balances, December 31</i>	<u><u>\$349,938</u></u>	<u><u>\$33,644</u></u>	<u><u>\$383,582</u></u>

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

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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;

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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.

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).

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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.

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. For presentation purposes, the Council segregated the following significant grants as 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.

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 the Geauga County Department of Job and Family Services (the JFS). The Council authorizes the JFS, 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 JFS agrees to be ultimately responsible for fulfilling the fiscal and 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.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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 Geauga County Auditor.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,006,855	\$1,016,249	\$9,394
Special Revenue	268,044	243,180	(24,864)
Total	\$1,274,899	\$1,259,429	(\$15,470)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,089,402	\$1,161,746	(\$72,344)
Special Revenue	389,765	289,089	100,676
Total	\$1,479,167	\$1,450,835	\$28,332

Note 4 – Deposits and Investments

The Geauga County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Geauga County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Geauga County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2016 was \$383,582.

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.

Note 5 – Risk Management

The Council is covered under Geauga County Risk Management.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2016

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

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

This page intentionally left blank.

Geauga County Family and Children First Council
Geauga County, Ohio

*Combined Statement of Cash Receipts, Cash Disbursements
 And Changes in Fund Balances (Regulatory Cash Basis)
 Governmental Fund Type
 For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$0	\$260,859	\$260,859
Local Contributions	825,111	0	825,111
Miscellaneous	181,865	0	181,865
<i>Total Cash Receipts</i>	<u>1,006,976</u>	<u>260,859</u>	<u>1,267,835</u>
Cash Disbursements			
Personal Services	134,362	17,032	151,394
Contractual Services	0	225,714	225,714
Other	862,261	0	862,261
<i>Total Cash Disbursements</i>	<u>996,623</u>	<u>242,746</u>	<u>1,239,369</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,353</u>	<u>18,113</u>	<u>28,466</u>
<i>Fund Cash Balance, January 1</i>	<u>322,929</u>	<u>0</u>	<u>322,929</u>
Fund Cash Balance, December 31:			
Restricted	0	18,113	18,113
Assigned	333,282	0	333,282
<i>Fund Cash Balance, December 31</i>	<u><u>\$333,282</u></u>	<u><u>\$18,113</u></u>	<u><u>\$351,395</u></u>

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

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 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;

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2015

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.

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).

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2015

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 presented fund. The general fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. For presentation purposes, the Council segregated the following significant grants as 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.

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 the Geauga County Department of Job and Family Services (the JFS). The Council authorizes the JFS, 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 JFS agrees to be ultimately responsible for fulfilling the fiscal and 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.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2015

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 Geauga County Auditor.

A summary of 2015 budgetary activity appears in Note 3.

Deposits and Investments

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

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.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2015

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$965,700	\$1,006,976	\$41,276
Special Revenue	280,500	260,859	(19,641)
Total	\$1,246,200	\$1,267,835	\$21,635

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,117	\$1,112,294	(\$951,177)
Special Revenue	1,325,907	306,140	1,019,767
Total	\$1,487,024	\$1,418,434	\$68,590

Note 4 – Deposits and Investments

The Geauga County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Geauga County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Geauga County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2015 was \$351,395.

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.

Note 5 – Risk Management

The Council is covered under Geauga County Risk Management.

Geauga County Family and Children First Council

Geauga County

Notes to the Financial Statements

For the Year Ended December 31, 2015

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 2015, OPERS members contributed 10 percent of their gross salaries and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2015.

Note 7 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

This page intentionally left blank.



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*

Geauga County Family and Children First Council
Geauga County
12480 Ravenwood Drive
Chardon, Ohio 44024

To the Board of Trustees:

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 Geauga County Family and Children First Council, Geauga 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 15, 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. We qualified our opinion on Beginning and Ending Fund Cash Balances and Budgetary Activity note disclosures because the Council did not track State and Federal grant funds apart from the rest of its fund balances in prior periods and budgetary activity in the current periods.

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*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large loop at the end of the last name.

Dave Yost
Auditor of State
Columbus, Ohio

June 15, 2017

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Council, its Fiscal Officer and Management and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

In previous periods, the Council had significant Federal and State grant receipt and disbursement activity, and resulting portion of beginning and ending fund balance, as part of its General Fund. For 2015, the Council began presenting this activity properly, in accordance with paragraph 18 of Governmental Accounting Standards Board Statement No. 54. However, because of carryover funds from prior periods, the accuracy of beginning and ending fund cash balances for 2016 and 2015 could not be determined.

In addition, the Council did not prepare its appropriations in 2016 and 2015, and its budgeted receipts for 2015, respectively, in accordance with its new reporting structure, so the accuracy of its budgetary activity notes could not be substantiated in these areas for the above periods.

The lack of controls over financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year. Furthermore, as a result of this matter, the Council will receive a qualified opinion over its cash fund balances and budgetary activity notes for 2016 and 2015.

The Council should ensure the information presented in the financial statements and notes to the financial statements are presented accurately and in accordance with the information recorded in their accounting records.

Officials' Response: We did not receive a response from Officials to this finding.

**GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GEAUGA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Financial Reporting	Partially Corrected	In 2015, the Council began segregating grant funds from any other funds on its financial statements.



Dave Yost • Auditor of State

GEAUGA COUNTY FAMILY AND CHILDREN FIRST COUNCIL

GEAUGA 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
JUNE 27, 2017**