



Dave Yost • Auditor of State



**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
ROSS COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Ross County Family and Children First Council  
Ross County  
475 Western Ave, Suite B  
Chillicothe, Ohio 45601

To the Members of Council:

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

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

***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 the Ross County Family and Children First Council, Ross 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 September 28, 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

September 28, 2017

**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**Combined Statement of Cash Receipts, Cash Disbursements**  
**and Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2016**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$74,023	\$190,677	\$264,700
Total Cash Receipts	<u>74,023</u>	<u>190,677</u>	<u>264,700</u>
<b><u>Cash Disbursements:</u></b>			
Contract Services	94,245	0	94,245
Help Me Grow	0	168,665	168,665
Children's Trust Fund	0	23,464	23,464
Family Support Services - FAST	0	37,275	37,275
Cluster Flexible Funds	0	5	5
Strong Families, Safe Communities	<u>0</u>	<u>15,988</u>	<u>15,988</u>
Total Cash Disbursements	<u>94,245</u>	<u>245,397</u>	<u>339,642</u>
Total Cash Receipts Over Cash Disbursements	(20,222)	(54,720)	(74,942)
Fund Cash Balances, January 1	<u>62,471</u>	<u>69,594</u>	<u>132,065</u>
Restricted	0	14,874	14,874
Unassigned	<u>42,249</u>	<u>0</u>	<u>42,249</u>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$42,249</u></u></b>	<b><u><u>\$14,874</u></u></b>	<b><u><u>\$57,123</u></u></b>

See accompanying notes to the financial statements.

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**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

***Notes to the Financial Statements  
For the Year Ended December 31, 2016***

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**Note 1 – Reporting Entity**

Description of the Entry

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's 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 addiction, 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 and 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 pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of developmental disabilities;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each board of county commissioners 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- 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";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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**Note 1 – Reporting Entity** – (Continued)

- o. The county’s juvenile court judge senior in service;

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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. 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;
- d. 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”;
- e. Maintenance of an accountability system to monitor the county council’s progress in achieving results for families and children;
- f. 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 Accounting**

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

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

General Fund: The General Fund is the general operating fund of the Council. It is used to account for and report all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Council had the following significant funds:

*Help Me Grow Fund* – This fund receives state and federal grant monies restricted for expectant parents and newborns and their families.

*Special Education Grant – Infants and Families (HMG-Part C)* – This fund receives state and federal grant monies restricted for expectant parents; and newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

*Family Supportive Services/FAST 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.

*Children’s Trust Fund Grant Fund* – This fund receives grant funds for the purpose of child abuse negotiations and prevention programs.

Fiscal/Administrative 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 Ross County Auditor as the fiscal agent and South Central Ohio Job and Family Services as the administrative agent, to contract 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 Ross County Auditor and the South Central Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 Section 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 file an estimate of resources and an appropriation measure with the Ross County Auditor. The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity appears in Note 4.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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

Cash

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

Property, Plant and Equipment

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

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 Board of Directors can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board of Directors 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 Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

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 used only to report a deficit balance.

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

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2016**

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**Note 3 – Cash and Investments**

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

	<u>2016</u>
Demand Deposits	<u>\$57,123</u>

*Deposits:* The Demand Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Budgetary Basis of Accounting**

Budgetary activity for the period ended December 31, 2016, follows:

<u>2016 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Receipts</u>		<u>Variance</u>
	<u>Budgeted</u>	<u>Actual</u>	
General	\$86,915	\$74,023	(\$12,892)
Special Revenue	227,467	190,677	(36,790)
<i>Total</i>	<u>\$314,382</u>	<u>\$264,700</u>	<u>(\$49,682)</u>

<u>2016 Budgeted vs. Actual Budgetary Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$103,159	\$94,245	\$8,914
Special Revenue	275,592	247,559	28,033
<i>Total</i>	<u>\$378,751</u>	<u>\$341,804</u>	<u>\$36,947</u>

**Note 5 – Risk Management**

The Council is covered under South Central Ohio Job and Family Service’s insurance policy for the following risks:

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

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**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL, ROSS COUNTY**  
**Combined Statement of Cash Receipts, Cash Disbursements**  
**and Changes in Fund Cash Balances**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2015**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<b><u>Cash Receipts:</u></b>			
Intergovernmental	\$75,987	\$180,701	\$256,688
Total Cash Receipts	<u>75,987</u>	<u>180,701</u>	<u>256,688</u>
<b><u>Cash Disbursements:</u></b>			
Contract Services	78,362	0	78,362
Help Me Grow	0	132,304	132,304
Children's Trust Fund	0	18,821	18,821
Family Support Services - FAST	0	32,419	32,419
Cluster Flexible Funds	0	998	998
Total Cash Disbursements	<u>78,362</u>	<u>184,542</u>	<u>262,904</u>
Total Cash Receipts Over Cash Disbursements	(2,375)	(3,841)	(6,216)
Fund Cash Balances, January 1	<u>64,846</u>	<u>73,435</u>	<u>138,281</u>
Restricted	0	69,594	69,594
Assigned	16,244	0	16,244
Unassigned	<u>46,227</u>	<u>0</u>	<u>46,227</u>
<b><i>Fund Cash Balances, December 31</i></b>	<b><u><u>\$62,471</u></u></b>	<b><u><u>\$69,594</u></u></b>	<b><u><u>\$132,065</u></u></b>

See accompanying notes to the financial statements.

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**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

***Notes to the Financial Statements  
For the Year Ended December 31, 2015***

---

**Note 1 – Reporting Entity**

Description of the Entry

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's 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 addiction, 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 and 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 pursuant to Section 5153.15 of the Revised Code;
- f. The superintendent of the county board of developmental disabilities;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the department of education, which shall notify each board of county commissioners 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- 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";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2015**

---

**Note 1 – Reporting Entity** – (Continued)

- o. The county’s juvenile court judge senior in service;

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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. 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;
- d. 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”;
- e. Maintenance of an accountability system to monitor the county council’s progress in achieving results for families and children;
- f. 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 Accounting**

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

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

***Notes to the Financial Statements  
For the Year Ended December 31, 2015***

---

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

**Fund Accounting**

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

**General Fund:** The General Fund is the general operating fund of the Council. It is used to account for and report all financial resources, except those required to be accounted for in another fund.

**Special Revenue Funds:** These funds are used to account for proceeds from specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Council had the following significant funds:

*Help Me Grow Fund* – This fund receives state and federal grant monies restricted for expectant parents and newborns and their families.

*Special Education Grant – Infants and Families (HMG-Part C)* – This fund receives state and federal grant monies restricted for expectant parents; and newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

*Family Supportive Services/FAST 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.

*Children’s Trust Fund Grant Fund* – This fund receives grant funds for the purpose of child abuse negotiations and prevention programs.

**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 Ross County Auditor as the fiscal agent and South Central Ohio Job and Family Services as the administrative agent, to contract 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 Ross County Auditor and the South Central Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**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 Section 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 file an estimate of resources and an appropriation measure with the Ross County Auditor. The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity appears in Note 4.

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2015**

---

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

Cash

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

Property, Plant and Equipment

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

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 Board of Directors can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Board of Directors 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 Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

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 used only to report a deficit balance.

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

**ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY**

**Notes to the Financial Statements  
For the Year Ended December 31, 2015**

**Note 3 – Cash and Investments**

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

	2015
Demand Deposits	<u>\$132,065</u>

*Deposits:* The Demand Deposits are insured by the Federal Depository Insurance Corporation.

**Note 4 – Budgetary Basis of Accounting**

Budgetary activity for the period ended December 31, 2015, follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$78,887	\$75,987	(\$2,900)
Special Revenue	217,690	180,701	(36,989)
<i>Total</i>	<i>\$296,577</i>	<i>\$256,688</i>	<i>(\$39,889)</i>

2015 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$103,677	\$95,459	\$8,218
Special Revenue	223,709	206,541	17,168
<i>Total</i>	<i>\$327,386</i>	<i>\$302,000</i>	<i>\$25,386</i>

**Note 5 – Risk Management**

The Council is covered under South Central Ohio Job and Family Service’s insurance policy for the following risks:

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

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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*

Ross County Family and Children First Council  
Ross County  
475 Western Avenue, Suite B  
Chillicothe, Ohio 45601

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Ross County Family and Children First Council, Ross 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 September 28, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***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, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

September 28, 2017





# Dave Yost • Auditor of State

**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**ROSS 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  
OCTOBER 12, 2017**