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Certified Public Accountants, A.C.

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

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Dave Yost • Auditor of State

Board of Directors
Allen County Family and Children First Council
123 W. Spring St
Lima, OH 45801

We have reviewed the *Independent Auditor's Report* of the Allen County Family and Children First Council, Allen County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Allen County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 23, 2017

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**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 26, 2017

Allen County Family and Children First Council
Allen County
123 W Spring Street
Lima, OH 45801

To 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 **Allen County Family and Children First Council**, Allen 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 of 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 fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of 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 Allen County Family and Children First Council, Allen 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 May 26, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, 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 - State	\$ 23,598	\$ 107,222	\$ 130,820
Intergovernmental - Federal	-	283,376	283,376
Administrative	23,350	-	23,350
Miscellaneous	33,409	8,660	42,069
<i>Total Cash Receipts</i>	<u>80,357</u>	<u>399,258</u>	<u>479,615</u>
Cash Disbursements			
Personal Services	80,480	-	80,480
Contractual Services	-	427,140	427,140
Travel Reimbursements	566	-	566
Other	7,509	6,939	14,448
<i>Total Cash Disbursements</i>	<u>88,555</u>	<u>434,079</u>	<u>522,634</u>
<i>Net Change in Fund Cash Balances</i>	(8,198)	(34,821)	(43,019)
<i>Fund Cash Balances, January 1</i>	<u>61,513</u>	<u>157,173</u>	<u>218,686</u>
Fund Cash Balances, December 31			
Restricted	-	122,352	122,352
Unassigned	53,315	-	53,315
<i>Fund Cash Balances, December 31</i>	<u>\$ 53,315</u>	<u>\$ 122,352</u>	<u>\$ 175,667</u>

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

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - State	\$ 58,943	\$ 149,943	\$ 208,886
Intergovernmental - Federal	-	172,989	172,989
Administrative	19,300	-	19,300
Miscellaneous	39,838	13,505	53,343
<i>Total Cash Receipts</i>	<u>118,081</u>	<u>336,437</u>	<u>454,518</u>
Cash Disbursements			
Personal Services	78,329	-	78,329
Contractual Services	-	357,672	357,672
Travel Reimbursements	862	-	862
Supplies and Materials	383	-	383
Other	4,722	7,408	12,130
<i>Total Cash Disbursements</i>	<u>84,296</u>	<u>365,080</u>	<u>449,376</u>
<i>Net Change in Fund Cash Balances</i>	33,785	(28,643)	5,142
<i>Fund Cash Balances, January 1</i>	<u>27,728</u>	<u>185,816</u>	<u>213,544</u>
Fund Cash Balances, December 31			
Restricted	-	157,173	157,173
Unassigned	61,513	-	61,513
<i>Fund Cash Balances, December 31</i>	<u>\$ 61,513</u>	<u>\$ 157,173</u>	<u>\$ 218,686</u>

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

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 1 – REPORTING ENTITY

Ohio Rev. 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;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 1 – REPORTING ENTITY (Continued)

A County Family and Children First Council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the Council. The purpose of the County Council is to streamline and coordinate existing government services for families seeking services for their children. In seeking to fulfill its purpose, a County Council shall provide for the following:

- 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;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

To assist in fulfilling the Council’s statutory responsibilities, the following committees have been established:

1. **Intersystems Committee** – This committee was established to oversee the coordination of services and funding for multi-system families and children and to proactively create change in the service delivery system to better meet the needs of families within the community. Responsibilities also include identification of programs to be provided for home behavioral health service in Allen County, and to revise and disseminate information about the county service coordination plan and make recommendation to Council concerning services and strategies that benefit the community.
2. **Cross-Systems Training Committee** – This committee was merged from three committees planning separate events, to plan for cross-system training opportunities across the spectrum of services for families and youth. This group plans two Early Childhood Conferences each year – one in the spring and another in the fall, plus works on issues of importance and necessity for our member-agencies’ personnel, like Ethics and Cultural Competency trainings that are mandated for maintaining licensure. The audience for these conferences includes social service providers, healthcare providers, educators, and community members who work with and serve families. Conference participants come from Allen and several surrounding counties.

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 1 – REPORTING ENTITY (Continued)

3. **Prevention Services Committee** – This committee was established to select, implement, monitor and evaluate appropriate prevention programs for the Children’s Trust Fund; to serve the primary stated focus of the grant, while supporting the community’s wellness through the use of a variety of prevention and intervention programs; to recommend future programming based on the results of the evaluation.
4. **Steering Committee** – This committee was established to discuss issues that need to be brought to Council for consideration, and to set the agenda for each month’s Council meeting. They also are often delegated to approve items that will need dealt with between Council meetings. This committee is comprised of the officers of Council plus two representatives of the mandated members, and two representatives of the community members. Officers serve one-year terms with the option to serve a second term. Mandated and Community representatives serve two-year terms in rotation.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

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

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

Help Me Grow Grant Fund – This fund receives state and federal grant monies to be used for programs aimed at ensuring the well-being of children from birth to three years of age as well as prenatal clients.

Family-Centered Services and Supports Fund (FCSS) – This fund receives federal and state monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systematic needs of children receiving service coordination.

Ohio Children’s Trust Fund (OCTF) – This fund receives state grant monies to be used for programs aimed at reducing child abuse and neglect.

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Allen County Auditor. The Council authorizes Allen County Commissioners, 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 Allen County Commissioners 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.

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 Allen County Auditor as required by Ohio law.

Deposits and Investments

The Council designated the Allen County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Allen County Treasurer and fund expenditures and balances are reported through the Allen County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount. A summary of 2016 and 2015 budgetary activity appears in Note 4.

Capital Assets

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.

ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund 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.

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 – COMPLIANCE

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$5,276 for the year ended December 31, 2015.

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 4 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 74,149	\$ 80,357	\$ 6,208
Special Revenue	923,000	399,258	(523,742)
Total	<u>\$ 997,149</u>	<u>\$ 479,615</u>	<u>\$ (517,534)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 94,859	\$ 88,555	\$ 6,304
Special Revenue	1,017,000	434,079	582,921
Total	<u>\$ 1,111,859</u>	<u>\$ 522,634</u>	<u>\$ 589,225</u>

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 114,725	\$ 118,081	\$ 3,356
Special Revenue	735,698	336,437	(399,261)
Total	<u>\$ 850,423</u>	<u>\$ 454,518</u>	<u>\$ (395,905)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 79,020	\$ 84,296	\$ (5,276)
Special Revenue	645,263	365,080	280,183
Total	<u>\$ 724,283</u>	<u>\$ 449,376</u>	<u>\$ 274,907</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

The Allen County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Allen County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Allen County Auditor is responsible for compliance. The Council's carrying amount of deposits with the Allen County Auditor at December 31, 2016 and December 31, 2015 was \$175,667 and \$218,686, respectively.

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.

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

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

NOTE 6 – DEFINED BENEFIT PENSION PLANS

The Council Coordinator is a member of the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10% of their gross salaries, and the Council contributed an amount equal to 14% of members' gross salaries. The Council has paid all contributions required through December 31, 2016.

NOTE 7 – POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include 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 contributions to fund these benefits.

NOTE 8 - RISK MANAGEMENT

The Council is insured through the Allen County Commission for the following risks:

- * Comprehensive property and general liability
- * Valuable papers and records
- * Errors and omissions

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year

NOTE 9 - CONTINGENT LIABILITIES

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2016 and 2015.



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

May 26, 2017

Allen County Family and Children First Council
Allen County
123 W Spring Street
Lima, OH 45801

To 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 **Allen County Family and Children First Council**, Allen 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 May 26, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

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Compliance and Other Matters

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

Entity's Response to Findings

The Council's response to the finding identified in our audit is described in the accompanying schedule of audit findings. We did not audit the Council's responses 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ALLEN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Significant Deficiency

Financial Statement Preparation and Fund Balance Classification

Accurate financial reporting is the responsibility of the Administrative Agent and is essential to ensure information provided to the readers of the financial statements is correct. Fund Balances should be properly classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

Receipts and fund balances were not always posted or classified correctly. The following error was noted:

- Supplies and Material disbursement posted twice, once each to the General Fund and the Special Revenue Fund in 2016;
- Healthier Buckeye Grant disbursements were not included in total disbursements in 2016;
- Total Special Revenue beginning and ending fund balances only included the Help Me Grow portion in 2016;
- Fund Balance classifications were not presented in the financial statements in 2016 and 2015.

Not posting disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and disbursements are properly identified and classified on the financial statements.

Officials' Response – The Financial Sub-Committee of Allen County Family and Children First Council will meet no less than eight times a year to review financial reports and ensure FCFC records match with the County's Auditor's records, including budget appropriations.

Allen County Family and Children First Council strives to ensure best practices are delivered and maintained throughout all areas of the office. Allen County Family and Children First Council appreciates the assistance provided by the on-site auditor.

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Dave Yost • Auditor of State

ALLEN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

ALLEN 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
JULY 6, 2017**