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Certified Public Accountants, A.C.

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

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Dave Yost • Auditor of State

Members of Council
Guernsey County Family and Children First Council
PO Box 5
Cambridge, Ohio 43725

We have reviewed the *Independent Auditor's Report* of the Guernsey County Family and Children First Council, Guernsey 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 Guernsey 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 5, 2017

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**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

April 21, 2017

Guernsey County Family and Children First Council
Guernsey County
P.O. Box 5
Cambridge, Ohio 43725

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the **Guernsey County Family and Children First Council**, Guernsey County, (the Council) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 1C of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Guernsey County Family and Children First Council, Guernsey 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 1C.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ -	\$ 145,175	\$ 145,175
Local Contributions	2,000	6,000	8,000
 Total Cash Receipts	 <u>2,000</u>	 <u>151,175</u>	 <u>153,175</u>
Cash Disbursements:			
Supplies	-	348	348
Equipment	-	150	150
Contracted Services	-	191,417	191,417
Advertising	-	33	33
Supportive Services	-	7,348	7,348
Grant Administration Costs	775	85	860
Miscellaneous/Other	-	398	398
 Total Cash Disbursements	 <u>775</u>	 <u>199,779</u>	 <u>200,554</u>
 Net Change in Fund Cash Balances	 1,225	 (48,604)	 (47,379)
 Fund Cash Balances, January 1	 <u>3,510</u>	 <u>84,280</u>	 <u>87,790</u>
 Fund Cash Balances, December 31:			
Restricted	-	35,676	35,676
Unassigned	4,735	-	4,735
 <i>Fund Cash Balances, December 31</i>	 <u>\$ 4,735</u>	 <u>\$ 35,676</u>	 <u>\$ 40,411</u>

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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 5,486	\$ 205,319	\$ 210,805
Total Cash Receipts	<u>5,486</u>	<u>205,319</u>	<u>210,805</u>
Cash Disbursements:			
Supplies	-	1,314	1,314
Contracted Services	-	224,515	224,515
Advertising	-	81	81
Supportive Services	-	5,449	5,449
General Administrative Costs	3,815	-	3,815
Miscellaneous/Other	-	54	54
Total Cash Disbursements	<u>3,815</u>	<u>231,413</u>	<u>235,228</u>
Net Change in Fund Cash Balancee	1,671	(26,094)	(24,423)
Fund Cash Balances, January 1	<u>1,839</u>	<u>110,374</u>	<u>112,213</u>
Fund Cash Balances, December 31:			
Restricted	-	84,280	84,280
Unassigned	2,510	-	2,510
Assigned	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,510</u>	<u>\$ 84,280</u>	<u>\$ 87,790</u>

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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the 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 County Family and Children First Council. Statutory membership of a 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 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 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 Ohio Rev. Code Section §5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as the Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners, or an individual designated by the board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Rev. 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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Description of the Entity (Continued)

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

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

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

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

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Reporting Entity (Continued)

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

C. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section §117.38 and Ohio Administrative Code Section §117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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.

D. 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 Council classifies its funds into the following types:

1. General Fund

The General Fund is the operating fund of the Council. It is used to account for and report 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.

2. Special Revenue Funds

These funds are used to account for and report specific sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes. The Council had the following significant Special Revenue Funds:

Help Me Grow Grant Fund – This fund receives state and federal grant monies restricted for the purpose of the Ohio Department of Health's Help Me Grow Program. 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. Funding includes state and federal Early Intervention (Part C) funds, state Transitional/At-Risk funds and state Central Coordination funds.

Family-Centered Services and Supports Fund – This fund receives state and federal grant monies restricted for non-clinical services and supports to be used for maintaining children and youth in their homes and communities while addressing the multi-systemic needs of children receiving service coordination.

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Ohio Children's Trust Fund – This fund receives state grant monies for the purpose of disseminating children abuse and neglect prevention materials and trainings.

Operational Capacity Building Funds (OCBF) – This fund receives all state funding. These funds are intended to support the county FCFC's efforts to build community capacity, coordinate systems and services, and engage and empower families. These funds are used to provide a portion of the salary and fringe benefits for the county FCFC Coordinator/Director.

ENGAGE – This fund receives grant monies from the Ohio Department of Mental Health and Addiction Services. The funds are intended to support the county FCFC's efforts to expand the System of Care approach for youth and young adults ages 14 to 21 years with multiple needs who have been or are currently involved with child welfare, juvenile justice or criminal justice systems and/or are homeless or at risk of homelessness.

Respite – This fund was established with grant monies received from the Ohio Department of Mental Health and Addiction Services. These fund are restricted to out of home respite services for children.

E. Administrative/Fiscal Agent

Ohio Revised Code Section §121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services on behalf of the Council. The Council has selected the Guernsey County Department of Job and Family Services. The Council authorizes Guernsey County Department of Job and Family Services, 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 Guernsey County Department of Job and Family Services agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

F. Budgetary Process

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

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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Cash and Investments

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

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

I. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Council must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation.

3. 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.

4. Assigned

Amounts in the assigned fund balance classification are intended to be used by Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Balance (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

2. Budgetary Activity

Budgetary activity for the years ending 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,000	\$ 2,000	\$ (3,000)
Special Revenue	282,700	151,175	(131,525)
Total	<u>\$ 287,700</u>	<u>\$ 153,175</u>	<u>\$ (134,525)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,000	\$ 775	\$ 4,225
Special Revenue	282,700	199,779	82,921
Total	<u>\$ 287,700</u>	<u>\$ 200,554</u>	<u>\$ 87,146</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,000	\$ 5,486	\$ 1,486
Special Revenue	261,500	205,319	(56,181)
Total	<u>\$ 265,500</u>	<u>\$ 210,805</u>	<u>\$ (54,695)</u>

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY COUNTY**

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

2. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,000	\$ 3,815	\$ 185
Special Revenue	261,500	231,413	30,087
Total	\$ 265,500	\$ 235,228	\$ 30,272

3. EQUITY IN POOLED CASH AND INVESTMENTS

The Guernsey County Treasurer, as custodian of cash and investments for the Guernsey County Department of Job and Family Services, administrative and fiscal agent for the Council, maintains a cash and investments pool used by all funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the County Treasurer is responsible for compliance. The carrying amount of deposits and investments at December 31, 2016 and 2015 was \$40,411 and \$87,790, respectively.

The County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts. All risks associated with the above deposits are the responsibility of the County.

4. RISK MANAGEMENT

The Council is uninsured for the following risks:

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

5. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor may require refunding of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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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

April 21, 2017

Guernsey County Family and Children First Council
Guernsey County
P.O. Box 5
Cambridge, Ohio 43725

To the Members of the Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Guernsey County Family and Children First Council**, Guernsey 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 April 21, 2017 wherein we noted the Council followed financial provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

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 response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

**GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
GUERNSEY 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

Material Weakness

Classification of Revenue

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

During 2016, receipts were not always posted or classified correctly. The following posting errors were noted:

- Local Contribution receipts for the General Fund were classified as Intergovernmental rather than as Local Contributions;
- Local Contribution receipts for the Engage Program were classified as Intergovernmental rather than as Local Contributions.

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

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

Management's Response – We were using a format for our financial statements that had been given to us a long time ago from a previous auditor. When the auditor gave it to us, we were told we did not have to follow any exact format as it was just a guide to follow. We were unaware that this format had changed or that we had to follow it. Moving forward we will add the "Local Contributions" line item under Cash Receipts to correct this.

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Dave Yost • Auditor of State

GUERNSEY COUNTY FAMILY AND CHILDREN FIRST COUNCIL

GUERNSEY 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 20, 2017**