



Dave Yost • Auditor of State

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY
JUNE 30, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types - For the Fiscal Year Ended June 30, 2016	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types - For the Fiscal Year Ended June 30, 2015	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Corrective Action Plan (Prepared by Management)	14

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Knox County
117 East High Street, 3rd Floor
Mount Vernon, Ohio 43050

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 Family and Children First Council, Knox County, Ohio, (the Council) as of and for the years ended June 30, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of June 30, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Family and Children First Council, Knox County, Ohio as of June 30, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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

March 22, 2017

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$ 432,199	\$ 72,530	\$ 504,729
Charges for Services	4,350	-	4,350
Earnings On Investments	10	-	10
<i>Total Cash Receipts</i>	<u>436,559</u>	<u>72,530</u>	<u>509,089</u>
Cash Disbursements			
Purchased Services	<u>349,130</u>	<u>92,382</u>	<u>441,512</u>
<i>Total Cash Disbursements</i>	<u>349,130</u>	<u>92,382</u>	<u>441,512</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>87,429</u>	<u>(19,852)</u>	<u>67,577</u>
<i>Fund Cash Balances, July 1</i>	<u>(44)</u>	<u>66,559</u>	<u>66,515</u>
Fund Cash Balances, June 30:			
Restricted	-	46,707	46,707
Unassigned	<u>87,385</u>	<u>-</u>	<u>87,385</u>
<i>Fund Cash Balances, June 30</i>	<u>\$ 87,385</u>	<u>\$ 46,707</u>	<u>\$ 134,092</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$ 345,442	\$ 81,847	\$ 427,289
Charges for Services	14,150	-	14,150
Earnings On Investments	8	-	8
<i>Total Cash Receipts</i>	<u>359,600</u>	<u>81,847</u>	<u>441,447</u>
Cash Disbursements			
Purchased Services	411,763	68,081	479,844
<i>Total Cash Disbursements</i>	<u>411,763</u>	<u>68,081</u>	<u>479,844</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(52,163)</u>	<u>13,766</u>	<u>(38,397)</u>
<i>Fund Cash Balances, July 1</i>	<u>52,119</u>	<u>52,793</u>	<u>104,912</u>
Fund Cash Balances, June 30:			
Restricted	-	66,559	66,559
Unassigned (Deficit)	(44)	-	(44)
<i>Fund Cash Balances, June 30</i>	<u>\$ (44)</u>	<u>\$ 66,559</u>	<u>\$ 66,515</u>

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

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

1. REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required each Board of County Commissioners to establish a County Family and Children First Council. Statutory membership of County Council consists of the following individuals:

- a. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent of more than one County Board of Developmental Disabilities, the Superintendent's designee;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

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

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.

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

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

B. Reporting Entity (Continued)

The Council's management believes 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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Fund Accounting

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

General Fund – The General Fund 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.

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

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

Family-Centered Services and Supports Fund – This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

E. Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Knox County Job and Family Services as administrative agent. The Council authorizes Knox County Head Start, as fiscal 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. These entities agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

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

F. Budgetary Process

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

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

G. Cash and Investments

The Council's fiscal agent is the custodian for the Council's cash and investments. The fiscal agent maintains a cash and investment pool used for all of the fiscal agent's funds, including those of the Council. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

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:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

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

I. Fund Balance (Continued)

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.

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

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

2. BUDGETARY ACTIVITY

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

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$448,300	\$436,559	(\$11,741)
Special Revenue	154,839	72,530	(82,309)
Total	\$603,139	\$509,089	(\$94,050)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$454,410	\$349,130	\$105,280
Special Revenue	154,839	92,382	62,457
Total	\$609,249	\$441,512	\$167,737

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$405,580	\$359,600	(\$45,980)
Special Revenue	116,883	81,847	(35,036)
Total	\$522,463	\$441,447	(\$81,016)

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

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

2. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$431,580	\$411,763	\$19,817
Special Revenue	116,883	68,081	48,802
Total	\$548,463	\$479,844	\$68,619

3. EQUITY IN POOLED CASH

For the years ended June 30, 2016 and 2015, the Knox County Head Start maintains a portion of the Council's cash in a separate bank account.

Monies held by Knox County are maintained in a cash pool used by all the Knox County's funds, including those of the Family and Children First Council. Council activity is maintained within the accounts setup in the Knox County Department of Job and Family Services (KCDJFS) Children Services Fund.

The carrying amount of cash at June 30 was as follows:

	2016	2015
Knox County Head Start	\$64,314	\$84,045
Knox County Auditor	69,778	(17,530)
Total deposits	134,092	66,515

The Knox County Auditor and Knox County Head Start are responsible for maintaining adequate depository collateral for all funds in the fiscal agent's deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.



Dave Yost • Auditor of State

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

Family and Children First Council
Knox County
117 East High Street, 3rd Floor
Mount Vernon, Ohio 43050

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 of the cash balances, receipts and disbursements by fund type of the Family and Children First Council, Knox County, Ohio, (the Council) as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated March 22, 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

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

Council's Response to Finding

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

March 22, 2017

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2016 AND 2015**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2016-001

Financial Statement Presentation - Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Council's financial statements.

Audit adjustments were posted to the Council's June 30, 2015 and 2016 financial statements and, where applicable, the accounting records have been updated to accurately reflect account balances. The following posting errors were noted:

Posting Error:	2015	2016
Activity was misallocated to the General Fund Opinion Unit and Special Revenue Opinion Unit, favoring the Special Revenue Opinion Unit.	\$2,896	\$0
Special Revenue Opinion Unit revenues and expenses were both overstated, resulting in a net effect of \$0 on the ending fund balance.	\$0	\$18,636

In addition to the items noted above, the Council's accounting ledgers did not agree to the audited fund balances reported on the financial statements. The Council has made the needed adjustments to the accounting ledgers.

The Council's financial statements have been adjusted to accurately reflect the above adjustment and reclassification.

Not posting receipts and expenditures accurately to the ledgers resulted in the financial statements requiring audit adjustments and reclassification entries; furthermore, inaccurate accounting records could make it difficult for the Council to effectively monitor the Council's activities or identify misstatements or errors in a timely manner.

We recommend the Council's Fiscal Officer take the necessary steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts should be posted in accordance with procedures and posting guidelines established in the Ohio Administrative Code. By exercising accuracy in recording financial activity, the Council can reduce posting errors and increase the reliability of the financial data throughout the year.

We also recommend the District implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials' Response:

See Corrective Action Plan

**FAMILY AND CHILDREN FIRST COUNCIL
KNOX COUNTY**

**CORRECTIVE ACTION PLAN
JUNE 30, 2016 AND 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	<p>With respect to the \$18,636 in revenue which was also expensed and sent to "Knox County Head Start, Inc.". We will no longer include this revenue and expense on the FCFC's books and financials. It belongs to Knox County Head Start, Inc., and will no longer pass through FCFC's books. It will go directly to Knox County Head Start, Inc. It should be noted that FCFC was the administrator of this project and Knox County Head Start, Inc. was FCFC's vendor. All financial actions regarding this amount were well documented.</p> <p>In addition, the Council Coordinator has added a line for outstanding checks on the spreadsheets shared with Council for the accounts with Knox County Head Start as the fiscal agent. Thus, there is a book balance, outstanding checks and the bank balance providing another way to reconcile with the bank. The fiscal agent for the General (Pooled) Funds is also balancing their records monthly with the Knox County Auditor records.</p> <p>To make sure that we post revenues and expenses in accordance with the Ohio Administrative Code. We will start using the cash method of accounting in recording both revenues and expenses. This way, when our books are audited, they will agree with the method used by the State in auditing our books.</p> <p>In addition, we will adjust the cash balance of each fund to agree with the State audited cash balances. The cash correction entry we are about to make nets to zero.</p>	<p>Immediately</p> <p>Currently</p> <p>Starting with the end of fiscal year 2017 July 1, 2017</p> <p>April 1, 2017</p>	Nancy Omahan



Dave Yost • Auditor of State

KNOX COUNTY FAMILY AND CHILDREN FIRST COUNCIL

KNOX 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
MAY 4, 2017**