



Dave Yost • Auditor of State



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Family and Children First Council  
Fulton County  
606 South Shoop Avenue  
Wauseon, Ohio 43567-1712

To the Members of the Council:

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

We have audited the accompanying cash-basis financial statements of the governmental activities and, each major fund of the Family and Children First Council, Fulton County, Ohio (the Council) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is responsible for 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of the Family and Children First Council, Fulton County, Ohio as of December 31, 2015 and 2014, and the respective changes in cash financial position and the budgetary fund comparison budgetary comparison for the General and Restricted Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Matters**

Other Information

We applied no procedures to Management's Discussion and Analysis for 2014 as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, 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

October 25, 2016

**Family and Children First Council  
Fulton County**

*Statement of Net Position - Cash Basis  
December 31, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash with Fiscal Agent	<u>\$ 44,092</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	36,096
Unrestricted	<u>7,996</u>
<i>Total Net Position</i>	<u>\$ 44,092</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2015*

	Program Receipts	Net (Disbursements) Receipts and Changes in Net Position
	Operating Grants and Contributions	Governmental Activities
Disbursements		
<b>Governmental Activities</b>		
General	\$ 16,261	\$ (511)
Family First Restricted	353,664	(11,964)
<i>Total Governmental Activities</i>	<u>\$ 369,925</u>	<u>(12,475)</u>
<b>General Receipts</b>		
Gifts & Contributions		1,596
Miscellaneous		657
<i>Total General Receipts</i>		<u>2,253</u>
Change in Net Position		(10,222)
<i>Net Position Beginning of Year</i>		<u>54,314</u>
<i>Net Position End of Year</i>		<u>\$ 44,092</u>

See accompanying notes to the basic financial statements



**Family and Children First Council  
Fulton County**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2015*

	<u>General</u>	<u>Family First Restricted</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash with Fiscal Agent	<u>\$ 7,996</u>	<u>\$ 36,096</u>	<u>\$ 44,092</u>
<b>Fund Balances</b>			
Restricted		36,096	36,096
<i>Total Unassigned</i>	<u>7,996</u>		<u>7,996</u>
<i>Total Fund Balances</i>	<u>\$ 7,996</u>	<u>\$ 36,096</u>	<u>\$ 44,092</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Cash Receipts, Disbursements and Changes in -Cash Basis Fund Balances  
Governmental Funds*

*For the Year Ended December 31, 2015*

	General	Family First Restricted	Total Governmental Funds
<b>Receipts</b>			
Intergovernmental	\$ 15,750	\$ 341,700	\$ 357,450
Gifts & Contributions		1,596	1,596
Miscellaneous	66	591	657
<i>Total Receipts</i>	<u>15,816</u>	<u>343,887</u>	<u>359,703</u>
<b>Disbursements</b>			
Salary	13,539	72,348	85,887
PERS	1,763	9,982	11,745
Workers Comp	214	942	1,156
Medicare	196	1,037	1,233
Insurance		2,258	2,258
Travel	75	11,693	11,768
Advertising		1,179	1,179
Contracts	280	164,315	164,595
Supplies	194	41,363	41,557
Equipment		3,082	3,082
Other		45,465	45,465
<i>Total Disbursements</i>	<u>16,261</u>	<u>353,664</u>	<u>369,925</u>
<i>Excess of Disbursements Over Receipts</i>	(445)	(9,777)	(10,222)
<i>Fund Balances Beginning of Year</i>	<u>8,441</u>	<u>45,873</u>	<u>54,314</u>
<i>Fund Balances End of Year</i>	<u>\$ 7,996</u>	<u>\$ 36,096</u>	<u>\$ 44,092</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General*

*For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 15,750	\$ 15,750	\$ 15,750	
Miscellaneous	832	832	66	\$ (766)
<i>Total Receipts</i>	<u>16,582</u>	<u>16,582</u>	<u>15,816</u>	<u>(766)</u>
<b>Disbursements</b>				
Salary	13,352	13,539	13,539	
PERS	1,869	1,869	1,763	106
Workers Comp	267	214	214	
Medicare	194	197	196	1
Travel	500	245	75	170
Contracts	150	315	280	35
Supplies	150	203	194	9
Other	100			
<i>Total Disbursements</i>	<u>16,582</u>	<u>16,582</u>	<u>16,261</u>	<u>321</u>
<i>Excess of Disbursements Over Receipts</i>			(445)	(445)
<i>Fund Balance Beginning of Year</i>	<u>8,441</u>	<u>8,441</u>	<u>8,441</u>	
<i>Fund Balance End of Year</i>	<u>\$ 8,441</u>	<u>\$ 8,441</u>	<u>\$ 7,996</u>	<u>\$ (445)</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Family First Restricted Fund  
For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 168,971	\$ 187,479	\$ 341,700	\$ 154,221
Gifts & Contributions			1,596	1,596
Miscellaneous	<u>168,331</u>	<u>168,331</u>	<u>591</u>	<u>(167,740)</u>
<i>Total Receipts</i>	<u>337,302</u>	<u>355,810</u>	<u>343,887</u>	<u>(11,923)</u>
<b>Disbursements</b>				
Salary	53,000	72,348	72,348	
PERS	7,420	9,982	9,982	
Workers Comp	1,060	942	942	
Medicare	769	1,065	1,037	28
Insurance	2,301	2,258	2,258	
Travel	14,500	11,693	11,693	
Advertising	250	1,179	1,179	
Contracts	169,882	186,097	174,197	11,900
Supplies	35,000	41,363	41,363	
Equipment	2,000	3,082	3,082	
Other	<u>61,002</u>	<u>45,565</u>	<u>45,465</u>	<u>100</u>
<i>Total Disbursements</i>	<u>347,184</u>	<u>375,574</u>	<u>363,546</u>	<u>12,028</u>
<i>Excess of Disbursements Over Receipts</i>	(9,882)	(19,764)	(19,659)	105
<i>Prior year encumbrances Appropriated</i>	9,882	9,882	9,882	
<i>Fund Balance Beginning of Year</i>	<u>35,991</u>	<u>35,991</u>	<u>35,991</u>	
<i>Fund Balance End of Year</i>	<u>\$ 35,991</u>	<u>\$ 26,109</u>	<u>\$ 26,214</u>	<u>\$ 105</u>

See accompanying notes to the basic financial statements

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015**

**Note 1 - REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Ohio Revised Code 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. 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The Director of the County Department of Job and Family Services;
- d. The Executive Director of the county agency responsible for the administration of children services pursuant to Ohio Revised Code Section 5153.15;
- e. The Superintendent of the County Board of Developmental Disabilities;
- f. 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;
- g. 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;
- h. A representative of the largest city in the County;
- i. The President of the Board of County Commissioners, or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services;
- k. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- l. 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
- m. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families;
- n. Three family representatives

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

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

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.

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

***Public Entity Risk Pools***

The Council participates in a public entity risk pool. Note 4 to the financial statements provide additional information for this entity. This organization is the Public Entities Pool of Ohio (PEP).

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in "Basis of Accounting" section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Council's accounting policies.

***Basis of Presentation***

The Council's basic financial statements consist of government-wide financial statements, including a statement of net positions and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements***

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

The statement of net position presents the cash balance of the governmental and business-type activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be sent back to the Ohio Department of Health. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Council.

***Fund Financial Statements***

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

***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. Funds are used to segregate resources that are restricted as to use. The funds of the Council are presented in one category: governmental.

Governmental Funds - Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's major governmental funds:

**General** - This fund accounts for all financial resources, except those required to be accounted for 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.

**Restricted** - This fund accounts for state grant monies for the Help Me Grow Program, Ohio Children's Trust Fund, Drug Free Communities, and Family Centered Services and Supports (FCSS).

***Basis of Accounting***

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

***Budgetary Process***

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is the Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Council. The legal level of control has been established by the Council at the object level for all funds.

ORC Section 121.37(B) establishes budgetary requirements for the Council. The Council's administrative agent shall serve as the Council's appointing authority for any employees of the Council. The Council shall file an annual budget with its administrative agent, with copies filed with the County Auditor and with the Board of County Commissioners. Subject to estimated resources, Council's administrative on behalf of Council may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Council during the year.

***Cash and Investments***

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained by writing Charlene E Lee, Fulton County Treasurer, 152 S Fulton Street, Wauseon, OH 43567 or by calling 419-337-9252.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of availability of the as their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

***Accumulated Leave***



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

***Employer Contributions to Cost-Sharing Pension Plans***

The Health Department recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily limitations imposed by grantors.

The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as 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 the Council or a Council official delegated that authority by resolution, or by State Statute

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$11,100 for the Restricted Fund.

**Note 4 - Risk Management**

The Council is exposed to various risks of property and casualty losses and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Council belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling consultants, Inc (ARPCO), a division of York Insurance Services Group Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Assets	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Government's share of these unpaid claims collectible in future years is approximately \$9,862.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$1,156	\$670

After one year of membership, members may withdraw on each anniversary of the date of joining PEP, the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 5 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The Health Department participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. For the year ended December 31, 2015, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2015, member and employer contribution rates were consistent across all three plans.

The Council's 2015 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 2 percent for calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during calendar year 2015.

The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2015, 2014, and 2013 were \$11,745, \$10,384, and \$14,279, respectively; 100 percent has been contributed for 2015 and 100 percent for 2014 and 2013. Contributions to the Member-Directed Plan for 2015 were \$714 made by the Health Department and \$510 made by plan members.

**Note 6 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent during calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during the calendar year 2015.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Council’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2015, 2014 and 2013 were \$1,677, \$1,483, and \$1,000 respectively; 100 percent has been contributed for 2015, 2014, and 2013.

**Note 7 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Restricted Fund	Total
<b>Restricted for</b>			
Restricted		\$ 36,096	\$ 36,096
Unassigned	\$ 7,996		7,996
Total Fund Balances	<u>\$ 7,996</u>	<u>\$ 36,096</u>	<u>\$ 44,092</u>

**Note 8 - Contingent Liabilities**

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

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited**

The discussion and analysis of the Family and Children First Council's (the Council) financial performance provides an overall review of the Council's financial activities for the year ended December 31, 2014, within the limitations of the Council's cash basis of accounting. The intent of this discussion and analysis is to look at the Council's financial performance as a whole. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Council's financial performance.

**Financial Highlights**

Key financial highlights for the year 2014 are as follows:

- Net position increased by \$8,474 for 2014.
- Program specific receipts in the form of operating grants comprise the largest percentage of the Council's receipts, making up 98% of all the dollars coming into the Council. General receipts in the form of miscellaneous make up the other 2%.
- The Council had \$351,119 in disbursements during 2014. We received monies from Drug Free Communities, Ohio Department of Health, Ohio Children's Trust Fund and from Ohio Department of Mental Health.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Council, presenting both an aggregate view of the Council's finances and a longer-term view of those finances. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Council as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Council as a Whole**

The statement of net position and the statement of activities reflect how the Council did financially during 2014, within the limitations of the modified cash basis of accounting. The Statement of Net Positions – Cash Basis presents the cash balances of the governmental activities of the Council at year end. The Statement of Activities – Cash Basis compares disbursements with program receipts for each governmental activity. Program receipts include grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of disbursements with program receipts identifies how each governmental function draws from the Council's general receipts.

These statements report the Council's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Council's financial health. Over time, increases or decreases in the Council's cash position is one indicator of whether the Council's financial health is improving or deteriorating. When evaluating the Council's financial condition, you should also consider other non-financial factors as well, such as the condition of the Council's capital assets, the reliance on non-local financial resources for operations, and the need for continued growth.

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis present governmental activities, which include all the Council's services. The Council has no business-type activities.

**Reporting the Council's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the Council's major funds – not the Council as a whole. The Council establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the operating funds of the Council are governmental.

**Governmental Funds** - The Council's activities are reported in governmental funds. The governmental fund financial statements provide a detailed short-term view of the Council's governmental operations and the health services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Council's health programs. The Council's significant governmental funds are presented on the financial statements in separate columns. The Council's major governmental funds are the General Fund and the Restricted Fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Council as a Whole**

Table 1 provides a summary of the Council's net position for 2014 compared to 2013 on the cash basis:

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited**

**Table 1  
Net Position – Cash Basis**

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Assets			
Cash with Fiscal Agent	<u>\$54,314</u>	<u>\$45,840</u>	<u>\$ 8,474</u>
Net Position			
Restricted	45,873	34,986	10,887
Unrestricted	<u>8,441</u>	<u>10,854</u>	<u>(2,413)</u>
Total Net Position	<u>\$54,314</u>	<u>\$45,840</u>	<u>\$ 8,474</u>

As mentioned previously, net position increased \$8,474. The increase was due to restricted funds having fewer expenses in salaries due to an employee leaving Drug Free Communities towards the end of 2013 and we did not replace them.

Table 2 reflects the change in net position in 2014 and provides a comparison to prior year amounts.

**Table 2  
Change in Net Position**

	<u>Governmental Activities</u>		
	<u>2014</u>	<u>2013</u>	<u>Change</u>
<b>Receipts</b>			
Program Cash Receipts			
Charges for Services and Sales	\$ 500	\$ 786	\$ (286)
Operating Grants and Contributions	<u>350,223</u>	<u>336,624</u>	<u>13,599</u>
Total Program Cash Receipts	<u>350,723</u>	<u>337,410</u>	<u>13,313</u>
General Receipts			
Gifts & Contributions	6,180	923	5,257
Miscellaneous	<u>2,690</u>	<u>14,782</u>	<u>(12,092)</u>
<b>Total Receipts</b>	<u>359,593</u>	<u>353,115</u>	<u>6,478</u>



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited**

**Table 2  
Change in Net Position**

	<b>Governmental Activities</b>		
	<b>2014</b>	<b>2013</b>	<b>Change</b>
<b>Disbursements</b>			
General	20,268	20,158	110
Restricted	330,851	329,118	1,733
<b>Total Disbursements</b>	<u>351,119</u>	<u>349,276</u>	<u>1,843</u>
 <b>Change In Net Position</b>	 8,474	 3,839	 4,635
 <b>Net Position Beginning of Year</b>	 <u>45,840</u>	 <u>42,001</u>	 <u></u>
 <b>Net Position End of Year</b>	 <u>\$ 54,314</u>	 <u>\$ 45,840</u>	 <u>\$ 4,635</u>

In 2014, 98 percent of the Council's total receipts were from program receipts, consisting mainly of grants from the Ohio Department of Health and federal government.

**Governmental Activities**

If you look at the Statement of Activities – Cash Basis, you will see that the first column lists the major services provided by the Council. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General and Restricted programs, which account for 6% and 94% of all governmental disbursements, respectively. The net cost column compares the program receipts to the cost of the service. This net cost amount represents the cost of the service which ends up being paid from money provided by state subsidies. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost for both the current and prior years is presented in Table 3.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2014</b>	<b>Net Cost of Services 2014</b>	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>
General	\$ 20,268	\$ 4,518	\$ 20,158	\$ (4,408)
Family First Restricted	<u>330,851</u>	<u>(4,122)</u>	<u>329,118</u>	<u>(7,458)</u>
<b>Totals</b>	<u>\$ 351,119</u>	<u>\$ 396</u>	<u>\$ 349,276</u>	<u>\$ (11,866)</u>

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2014  
Unaudited**

**The Council's Funds**

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

The focus of the Council's governmental funds is to provide information on receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements.

At the end of 2014, the Council's governmental funds reported total ending fund balances of \$54,314.

The General Fund is the chief operating fund of the Council. At the end of 2014, the fund balance in the General Fund was \$8,441.

Expenditures exceeded revenues in the general fund by \$2,413 in 2014. Intergovernmental revenues consist of a grant received from the Ohio Department of Health. Salaries and benefits account for the majority of expenditures in the general fund.

The Restricted Fund accounts for state grant monies for the Help Me Grow Program. The Help Me Grow program is for Ohio's expectant parents, newborns, infants, and toddlers and provides health and developmental services so children start school healthy and ready to learn. This fund also accounts for monies from the Ohio Children's Trust Fund, FCSS, and Drug Free Communities. At the end of 2014, the total fund balance was \$45,873.

**General Fund Budgeting Highlights**

The Council's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances.

During the course of 2014, the Council amended its appropriations several times, and the budgetary statement reflects both the original and final appropriated amounts. There was 50% increase between the original and the final estimated receipts. Actual revenues were 13.5% less than final estimated receipts. Final appropriations were 101% more than original amounts.

**Contacting the Council's Financial Management**

This financial report is designed to provide our citizens and readers with a general overview of the Council's finances and to reflect the Council's accountability for the money it receives. Questions concerning any of the information in this report, or requests for additional information, should be directed to Jane Sauder, Fiscal Officer Supervisor, Fulton County Health Department, 606 S. Shoop Ave, Wauseon, OH 43567.

**Family and Children First Council  
Fulton County**

*Statement of Net Position - Cash Basis  
December 31, 2014*

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash with Fiscal Agent	<u>\$ 54,314</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	45,873
Unrestricted	<u>8,441</u>
<i>Total Net Position</i>	<u>\$ 54,314</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Activities - Cash Basis  
For the Year Ended December 31, 2014*

	Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General	\$ 20,268		\$ 15,750	\$ (4,518)
Family First Restricted	330,851	\$ 500	334,473	4,122
<i>Total Governmental Activities</i>	<u>\$ 351,119</u>	<u>\$ 500</u>	<u>\$ 350,223</u>	<u>(396)</u>
		<b>General Receipts</b>		
		Gifts & Contributions		6,180
		Miscellaneous		2,690
		<i>Total General Receipts</i>		<u>8,870</u>
		Change in Net Position		8,474
		<i>Net Position Beginning of Year</i>		<u>45,840</u>
		<i>Net Position End of Year</i>		<u>\$ 54,314</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2014*

	General	Family First Restricted	Total Governmental Funds
<b>Assets</b>			
Cash with Fiscal Agent	\$ 8,441	\$ 45,873	\$ 54,314
<b>Fund Balances</b>			
Restricted		45,873	45,873
Unassigned	8,441		8,441
<i>Total Fund Balances</i>	\$ 8,441	\$ 45,873	\$ 54,314

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Cash Receipts, Disbursements and Changes in -Cash Basis Fund Balances  
Governmental Funds*

*For the Year Ended December 31, 2014*

	General	Family First Restricted	Total Governmental Funds
<b>Receipts</b>			
Intergovernmental	\$ 17,855	\$ 334,473	\$ 352,328
Contracts		500	500
Gifts & Contributions		6,180	6,180
Miscellaneous		585	585
<i>Total Receipts</i>	<u>17,855</u>	<u>341,738</u>	<u>359,593</u>
<b>Disbursements</b>			
Salary	14,436	61,458	75,894
PERS	2,056	8,328	10,384
Workers Comp	267	1,332	1,599
Medicare	209	878	1,087
Contracts	140	163,491	163,631
Supplies	2,411	33,735	36,146
Equipment		2,142	2,142
Other		48,280	48,280
<i>Total Disbursements</i>	<u>20,268</u>	<u>330,851</u>	<u>351,119</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,413)	10,887	8,474
<i>Fund Balances Beginning of Year</i>	<u>10,854</u>	<u>34,986</u>	<u>45,840</u>
<i>Fund Balances End of Year</i>	<u>\$ 8,441</u>	<u>\$ 45,873</u>	<u>\$ 54,314</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General*

*For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 16,000	\$ 26,000	\$ 17,855	\$ (8,145)
Miscellaneous				-
<i>Total Receipts</i>	<u>16,000</u>	<u>26,000</u>	<u>17,855</u>	<u>(8,145)</u>
<b>Disbursements</b>				
Salary	12,350	15,130	14,436	694
PERS	1,729	2,179	2,056	123
Workers Comp	390	267	267	
Medicare	190	240	209	31
Travel	500	1,000	749	251
Contracts	250	250	140	110
Supplies	491	3,134	2,411	723
Other	100			
<i>Total Disbursements</i>	<u>16,000</u>	<u>22,200</u>	<u>20,268</u>	<u>1,932</u>
<i>Excess of Receipts Over (Under) Disbursements</i>		<u>3,800</u>	<u>(2,413)</u>	<u>(6,213)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		6,200	10,000	3,800
Transfers Out		<u>(10,000)</u>	<u>(10,000)</u>	
<i>Total Other Financing Sources (Uses)</i>		<u>(3,800)</u>		<u>3,800</u>
<i>Net Change in Fund Balance</i>			<u>(2,413)</u>	<u>(2,413)</u>
<i>Fund Balance Beginning of Year</i>	<u>10,854</u>	<u>10,854</u>	<u>10,854</u>	
<i>Fund Balance End of Year</i>	<u>\$ 10,854</u>	<u>\$ 10,854</u>	<u>\$ 8,441</u>	<u>\$ (2,413)</u>

See accompanying notes to the basic financial statements

**Family and Children First Council  
Fulton County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Family First Restricted Fund  
For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 312,312	\$ 312,312	\$ 334,473	\$ 22,161
Contracts			500	500
Gifts & Contributions			6,180	6,180
Miscellaneous	5,000	34,000	585	(33,415)
<i>Total Receipts</i>	<u>317,312</u>	<u>346,312</u>	<u>341,738</u>	<u>(4,574)</u>
<b>Disbursements</b>				
Salary	60,300	61,925	61,458	467
PERS	8,442	8,328	8,328	
Workers Comp	1,809	1,332	1,332	
Medicare	874	878	878	
Insurance	2,637	2,207	2,207	
Travel	8,500	9,000	9,000	
Advertising	250			
Contracts	159,627	190,473	173,373	17,100
Supplies	20,500	38,000	33,735	4,265
Equipment	2,000	2,142	2,142	
Other	61,000	49,281	48,280	1,001
<i>Total Disbursements</i>	<u>325,939</u>	<u>363,566</u>	<u>340,733</u>	<u>22,833</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,627)</u>	<u>(17,254)</u>	<u>1,005</u>	<u>18,259</u>
<i>Prior Year Encumbrances Appropriated</i>	8,627	8,627	8,627	
<i>Fund Balance Beginning of Year</i>	<u>26,359</u>	<u>26,359</u>	<u>26,359</u>	
<i>Fund Balance End of Year</i>	<u>\$ 26,359</u>	<u>\$ 17,732</u>	<u>\$ 35,991</u>	<u>\$ 18,259</u>

See accompanying notes to the basic financial statements



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2014**

**Note 1 - REPORTING ENTITY/SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of the Entity**

Ohio Revised Code 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. 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The Director of the County Department of Job and Family Services;
- d. The Executive Director of the county agency responsible for the administration of children services pursuant to Ohio Revised Code Section 5153.15;
- e. The Superintendent of the County Board of Developmental Disabilities;
- f. 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;
- g. 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;
- h. A representative of the largest city in the County;
- i. The President of the Board of County Commissioners, or an individual designated by the Board;
- j. A representative of the regional office of the Ohio Department of Youth Services;
- k. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- l. 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
- m. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families;
- n. Three family representatives

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

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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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.

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

***Public Entity Risk Pools***

The Council participates in a public entity risk pool. Note 4 to the financial statements provide additional information for this entity. This organization is the Public Entities Pool of Ohio (PEP).

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in "Basis of Accounting" section of this note, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Council's accounting policies.

***Basis of Presentation***

The Council's basic financial statements consist of government-wide financial statements, including a statement of net positions and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements***

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

The statement of net position presents the cash balance of the governmental and business-type activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be sent back to the Ohio Department of Health. Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Council.

***Fund Financial Statements***

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

***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. Funds are used to segregate resources that are restricted as to use. The funds of the Council are presented in one category: governmental.

Governmental Funds - Governmental funds are those through which most governmental functions of the Council are financed. The following are the Council's major governmental funds:

**General** - This fund accounts for all financial resources, except those required to be accounted for 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.

**Restricted** - This fund accounts for state grant monies for the Help Me Grow Program, Ohio Children's Trust Fund, Drug Free Communities, and Family Centered Services and Supports (FCSS).

***Basis of Accounting***

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and their related expenses) are not recorded in these financial statements.

***Budgetary Process***

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is the Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Council. The legal level of control has been established by the Council at the object level for all funds.

ORC Section 121.37(B) establishes budgetary requirements for the Council. The Council's administrative agent shall serve as the Council's appointing authority for any employees of the Council. The Council shall file an annual budget with its administrative agent, with copies filed with the County Auditor and with the Board of County Commissioners. Subject to estimated resources, Council's administrative on behalf of Council may, by resolution, transfer appropriations from one appropriation item to another, reduce or increase any item, create new items, and make additional appropriations or reduce the total appropriation. Such appropriation modifications shall be certified to the county budget commission for approval.

The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budget reflect the first appropriation resolution that covered the entire year, including amounts automatically carried forward from prior years. The amount reported as the final budgeted amounts represents the final appropriations passed by the Council during the year.

***Cash and Investments***

The County Treasurer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained by writing Charlene E Lee, Fulton County Treasurer, 152 S. Fulton Street, Wauseon, OH 43567 or by calling 419-337-9252.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of availability of the as their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements

***Accumulated Leave***

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's cash basis of accounting.

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

***Employer Contributions to Cost-Sharing Pension Plans***

The Health Department recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily limitations imposed by grantors.

The Council's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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 committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as 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 the Council or a Council official delegated that authority by resolution, or by State Statute.

***Unassigned*** - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Council applies restricted resources first when expenditures are incurred for purposes for

**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

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.

***Interfund Transactions***

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$9,882 for the Restricted Fund.

**Note 4 - Risk Management**

The Council is exposed to various risks of property and casualty losses and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Council belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling consultants, Inc (ARPCO), a division of York Insurance Services Group Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014:

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FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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	2013	2014
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Assets	\$21,651,689	\$23,038,920

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Health Departments's share of these unpaid claims collectible in future years is approximately \$2,312.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>		
<u>2014</u>	<u>2013</u>	<u>2012</u>
\$1,156	\$747	\$682

After one year of membership, members may withdraw on each anniversary of the date of joining PEP, the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 5 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The Health Department participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street,

**FAMILY AND CHILDREN FIRST COUNCIL  
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**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local classifications. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local classifications may participate in all three plans. For 2014, member and employer contribution rates were consistent across all three plans.

The Council's 2014 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1 percent for calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 1 percent during calendar year 2014.

The Council's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013 and 2012 were \$10,384, \$14,279, and \$12,309, respectively; 100 percent has been contributed for 2014 and 100 percent for 2013 and 2012. Contributions to the Member-Directed Plan for 2014 were \$518 made by the Health Department and \$370 made by plan members.

**Note 6 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit as long as they retired by November 30, 2014. If they retired after November 30, 2014, they would need at least 20 years of qualifying service to qualify for post-retirement health care coverage. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code



**FAMILY AND CHILDREN FIRST COUNCIL  
FULTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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(Continued)**

provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 2 percent during calendar year 2015. The portion of employer contributions allocated to health care for members in the Combined Plan was 2 percent during the calendar year 2015.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Council's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013 and 2012 were \$1,483, \$1,020, and \$3,527 respectively; 100 percent has been contributed for 2014, 2013, and 2012.

**Note 7 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Restricted Fund	Total
<b>Restricted for</b>			
Restricted		\$45,873	\$ 45,873
Unassigned	\$ 8,441		8,441
Total Fund Balances	<u>\$ 8,441</u>	<u>\$45,873</u>	<u>\$ 54,314</u>

**Note 8 - Contingent Liabilities**

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the state government. Grantors may require refunding 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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# 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  
Fulton County  
606 South Shoop Avenue  
Wauseon, Ohio 43567-1712

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 cash basis financial statements of the governmental activities and each major fund of the Family and Children First Council, Fulton County, Ohio (the Council) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated October 25, 2016, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

October 25, 2016



# Dave Yost • Auditor of State

**FULTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**FULTON 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  
NOVEMBER 15, 2016**