



Dave Yost • Auditor of State

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	9
Statement of Activities – Cash Basis	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	11
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - Governmental Funds	12
Notes to the Financial Statements	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Prior Audit Findings.....	25

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Mahoning County Family and Children First Council
Mahoning County
300 East Scott Street
Youngstown, Ohio 44505

To the Executive Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning County Family and Children First Council, Mahoning County, Ohio (the Council), as of and for the year ended June 30, 2015, 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 also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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, each major fund, and the aggregate remaining fund information of Mahoning County Family and Children First Council, Mahoning County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof for the year 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

Our audit was conducted to opine on the financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 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

January 19, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

The management's discussion and analysis of the Mahoning County Family and Children First Council's (the "Council") financial performance provides an overall review of the Council's financial activities for the fiscal year ended June 30, 2015, 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 cash-basis financial statements and the notes to the financial statements to enhance their understanding of the Council's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The total net cash position of the governmental activities decreased from \$252,781 to \$111,828.
- General cash receipts accounted for \$4,300 or 0.67% of total governmental activities cash receipts. Program specific cash receipts accounted for \$633,526 or 99.33% of total governmental activities cash receipts.
- The Council had \$778,779 in cash disbursements related to governmental activities; these cash disbursements were offset by program specific grants or contributions of \$569,891 and program specific charges for services of \$63,635. General cash receipts of \$4,300 were not adequate to provide for the Council's programs.
- The Council's major funds are the General fund, Help Me Grow fund, Ohio Children's Trust fund, JJC RECLAIM Service Coordination fund and the ENGAGE System of Care fund. The General fund had cash receipts of \$71,360 and cash disbursements of \$85,848. The general fund's cash balance decreased from (\$26,518) to (\$41,006) during the year.

Using the Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole Council, both presenting an aggregate view of the Council's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Council's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Council, there are five major governmental funds; the General fund, Help Me Grow fund, Ohio Children's Trust fund, JJC RECLAIM Service Coordination fund and the ENGAGE System of Care fund.

Reporting the Council as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, how did we do financially during fiscal year 2015? These statements include *only net position* using the *cash basis of accounting*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

These two statements report the Council's net position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Council's facility conditions, mandated federal and state programs and other factors.

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 collected), liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities), and deferred inflows and outflows of resources are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position and the statement of activities, the governmental activities includes the Council's programs and services including administration and support services as well as various community and social services.

The statement of net position and the statement of activities can be found on pages 9-10 of this report.

Reporting the Council's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Council has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the Council's major funds. The Council uses several funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Council's most significant funds. The Council's major governmental funds are the General fund, Help Me Grow fund, Ohio Children's Trust fund, JJC RECLAIM Service Coordination fund and the ENGAGE System of Care fund. The analysis of the Council's major governmental funds begins on page 7.

Governmental Funds

The Council's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Council programs. Since the Council is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 11-12 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13-21 of this report.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Council as a whole.

The table below provides a summary of the Council's net cash position for fiscal years 2015 and 2014.

	Net Cash Position	
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 111,828	\$ 252,781
Total assets	<u>111,828</u>	<u>252,781</u>
<u>Net cash position</u>		
Restricted	152,834	279,588
Unrestricted	<u>(41,006)</u>	<u>(26,807)</u>
Total net cash position	<u>\$ 111,828</u>	<u>\$ 252,781</u>

The total net cash position of the Council's governmental activities decreased \$140,953 during fiscal year 2015. Restricted net cash position represents resources that are subject to external restrictions on how they may be used. At June 30, 2015, the Council had a negative net cash position of (\$41,006) so none was unrestricted in use.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

The table below shows the changes in net cash position for fiscal year 2015 and 2014.

	Change in Net Cash Position	
	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	\$ 63,635	\$ -
Operating grants and contributions	<u>569,891</u>	<u>482,832</u>
Total program cash receipts	<u>633,526</u>	<u>482,832</u>
General cash receipts:		
Miscellaneous	<u>4,300</u>	<u>28,747</u>
Total general cash receipts	<u>4,300</u>	<u>28,747</u>
Total cash receipts	<u>637,826</u>	<u>511,579</u>
Cash Disbursements:		
General government	105,488	52,869
Social services	<u>673,291</u>	<u>334,900</u>
Total cash disbursements	<u>778,779</u>	<u>387,769</u>
Change in net cash position	(140,953)	123,810
Net cash position at beginning of year	<u>252,781</u>	<u>128,971</u>
Net cash position at end of year	<u>\$ 111,828</u>	<u>\$ 252,781</u>

Governmental Activities

As the preceding table shows, the Council experienced a significant increase in cash receipts in fiscal year 2015, which is due to the receipt of a new grant. The preceding table also shows a significant increase in cash disbursements during the year, which was due to the expenditure of grant funds received in prior fiscal years. The increase in cash receipts was 24.68%, while cash disbursements increased 100.84%.

The primary sources of cash receipts for governmental activities are operating grants and contributions and charges for services, which comprise 9.98% and 89.35% of total governmental cash receipts. These cash receipts are restricted in use and are used to fund the Council's social services programs.

The largest cash disbursement of the Council is for social services. These cash disbursements totaled \$673,291 or 86.45% of total governmental cash disbursements for fiscal year 2015.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

The statement of activities shows the cost of program services and the program cash receipts (operating grants and contributions and charges for service) offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 and 2014. That is, it identifies the cost of these services supported by the Council's general cash receipts.

Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Cash disbursements:				
General government	\$ 105,488	\$ (41,853)	\$ 52,869	\$ 52,869
Social services	<u>673,291</u>	<u>(103,400)</u>	<u>334,900</u>	<u>(147,932)</u>
 Total	 <u>\$ 778,779</u>	 <u>\$ (145,253)</u>	 <u>\$ 387,769</u>	 <u>\$ (95,063)</u>

The dependence upon program cash receipts for governmental activities is apparent; with all cash disbursements supported through program cash receipts from operating grants and contributions during 2015 and 2014, respectively.

Financial Analysis of the Government's Funds

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

Governmental Funds

The Council's governmental funds are accounted for using the cash basis of accounting.

The Council's governmental funds reported a combined fund cash balance of \$111,828, which is \$140,953 below last year's total of \$252,781. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2015 and 2014, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2015</u>	Fund Cash Balance <u>June 30, 2014</u>	Increase <u>(Decrease)</u>
Major Funds:			
General	\$ (41,006)	\$ (26,518)	\$ (14,488)
Help Me Grow	33,410	197,093	(163,683)
Ohio Children's Trust Fund	28,874	36,028	(7,154)
JJC RECLAIM Service Coordination	24,502	41,812	(17,310)
ENGAGE System of Care	63,000	-	63,000
Nonmajor Governmental Funds	<u>3,048</u>	<u>4,366</u>	<u>(1,318)</u>
 Total	 <u>\$ 111,828</u>	 <u>\$ 252,781</u>	 <u>\$ (140,953)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

General Fund

The General fund had cash receipts of \$67,935 and cash disbursements of \$85,848 in 2015. The General fund's cash balance decreased \$14,488 from 2014 to 2015.

Help Me Grow Fund

The Help Me Grow fund is a Council major fund and had cash receipts, mostly state and federal grants, of \$319,520 and cash disbursements of \$479,778 in 2015. The Help Me Grow fund cash balance decreased \$163,683 from 2014 to 2015.

Ohio Children's Trust Fund

The Ohio Children's Trust fund is a major fund used to account for intergovernmental receipts from the state that are restricted for child abuse and neglect prevention programs. Cash receipts were \$68,500 and cash disbursements were \$75,654 in 2015, resulting in a decrease in fund cash balance of \$7,154.

JJC RECLAIM Service Coordination Fund

This fund, a Council major fund, is used to account for the coordination of the Mahoning County Juvenile Justice Center's RECLAIM program. The fund had no cash receipts during the year but had cash disbursements of \$17,310 in 2015 resulting in a decrease in the cash fund balance of \$17,310.

ENGAGE System of Care Fund

The ENGAGE System of Care fund is a Council major fund and had cash receipts (federal grants) of \$63,000 but no cash disbursements in 2015. The ENGAGE System of Care fund was a new fund created for the receipt of federal grant funds to be spent during the next fiscal period.

Capital Assets and Debt Administration

Capital Assets

The Council does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Council did not have any capital outlay disbursements during fiscal year 2015.

Debt Administration

The Council had no long-term debt obligations outstanding at June 30, 2015 nor 2014.

Current Financial Related Activities

The existing services of the Council are reviewed to determine how they can be utilized in a more efficient manner and agencies are challenged to improve the way services are delivered. The Council is constantly assessing needs of its members and acting to provide these services cost-effectively.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jennifer Pangio, Fiscal Officer, Mahoning County Family and Children First Council, 300 East Scott Street, Youngstown, Ohio 44505.

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

Statement of Net Position - Cash Basis
June 30, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 111,828
Total Assets	<u>111,828</u>
Net Position	
Restricted for:	
State and federally funded programs	152,834
Unrestricted (Deficit)	<u>(41,006)</u>
Total Net Position	<u>\$ 111,828</u>

See accompanying notes to the basic financial statements

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2015

	Cash Disbursements	Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Change in Net Cash Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 105,488	63,635	-	\$ (41,853)
Social Services	673,291	\$ -	569,891	(103,400)
Total Governmental Activities	<u>\$ 778,779</u>	<u>\$ 63,635</u>	<u>569,891</u>	<u>(145,253)</u>
General Cash Receipts:				
Local Sources				<u>4,300</u>
Total General Cash Receipts				<u>4,300</u>
Change in Net Position				(140,953)
Net Position Beginning of Year				<u>252,781</u>
Net Position End of Year				<u>\$ 111,828</u>

See accompanying notes to the basic financial statements

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Help Me Grow</u>	<u>Ohio Children's Trust Fund</u>	<u>JJC RECLAIM Service Coordination</u>	<u>ENGAGE System of Care Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ (41,006)	\$ 33,410	\$ 28,874	\$ 24,502	\$ 63,000	\$ 3,048	\$ 111,828
<i>Total Assets</i>	<u>(41,006)</u>	<u>33,410</u>	<u>28,874</u>	<u>24,502</u>	<u>63,000</u>	<u>3,048</u>	<u>111,828</u>
Fund Balances							
Restricted:							
State and federally funded programs	-	33,410	28,874	24,502	63,000	3,048	152,834
Assigned:							
Community Services	1,229	-	-	-	-	-	1,229
Unassigned (Deficit)	<u>(42,235)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,235)</u>
<i>Total Fund Balances</i>	<u>\$ (41,006)</u>	<u>\$ 33,410</u>	<u>\$ 28,874</u>	<u>\$ 24,502</u>	<u>\$ 63,000</u>	<u>\$ 3,048</u>	<u>\$ 111,828</u>

See accompanying notes to the basic financial statements

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Help Me Grow	Ohio Children's Trust Fund	JJC RECLAIM Service Coordination	ENGAGE System of Care Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts							
Local Sources	\$ 4,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,300
Intergovernmental - State	-	109,755	68,500	-	-	72,244	250,499
Intergovernmental - Federal	-	209,765	-	-	63,000	46,627	319,392
Charges for Services	60,210	-	-	-	-	-	60,210
Administrative	3,425	-	-	-	-	-	3,425
Total Cash Receipts	67,935	319,520	68,500	-	63,000	118,871	637,826
Cash Disbursements							
Personal Services	81,683	-	-	-	-	15,750	97,433
Contractual Services	3,946	-	3,425	-	-	-	7,371
Community Services	-	479,778	68,519	17,310	-	100,313	665,920
Supplies and Materials	49	-	3,710	-	-	4,126	7,885
Miscellaneous	170	-	-	-	-	-	170
Total Cash Disbursements	85,848	479,778	75,654	17,310	-	120,189	778,779
Excess of Receipts Over (Under) Disbursements	(17,913)	(160,258)	(7,154)	(17,310)	63,000	(1,318)	(140,953)
Other Financing Sources (Uses)							
Transfers In	3,425	-	-	-	-	-	3,425
Transfers Out	-	(3,425)	-	-	-	-	(3,425)
Advances In	998	-	-	-	998	-	1,996
Advances Out	(998)	-	-	-	(998)	-	(1,996)
Total Other Financing Sources (Uses)	3,425	(3,425)	-	-	-	-	-
Net Change in Fund Balances	(14,488)	(163,683)	(7,154)	(17,310)	63,000	(1,318)	(140,953)
Fund Balances Beginning of Year	(26,518)	197,093	36,028	41,812	-	4,366	252,781
Fund Balances End of Year	\$ (41,006)	\$ 33,410	\$ 28,874	\$ 24,502	\$ 63,000	\$ 3,048	\$ 111,828

See accompanying notes to the basic financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – REPORTING ENTITY

A. Description of the Entity

Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish county family and children first councils. Statutory membership of 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. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council;
- b. The health commissioner, or the commissioner's designee, of the board of health of each city or general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations;
- c. The director of the county department of job and family services;
- d. The executive director of the public children services agency or the county agency responsible for the administration of children service pursuant to Ohio Revised Code Section 5153.15;
- e. The superintendent of the county board of developmental disabilities or if the superintendent serves as the superintendent of more than one county board of developmental disabilities, the superintendent's designee;
- f. At least three individuals representing the interest of the families in the county. Where possible, the number of member representing families shall be equal to twenty percent of the council's remaining membership;
- g. The superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the county, as determined by the Ohio department of education, which shall notify each county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners, or an individual designated by the board;
- k. A representative of the regional office of the Ohio department of youth services;
- l. A representative of the County's head start agencies, as defined in Ohio Revised Code Section 3301.31;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 – REPORTING ENTITY (Continued)

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

- a. Referrals to the cabinet council of those children for whom the 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 its results for families and children;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

B. Primary Government

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

C. Component Units

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a 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 policies.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

The Council's basic financial statements consist of the government-wide financial statements, including a statement of net position 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, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental 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 used to support a particular program.

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 a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Council uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Council classifies each fund as either governmental, proprietary or fiduciary. The Council reports only governmental funds.

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 Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (continued)

Help Me Grow - This fund is made up of three programs combined to form the Help Me Grow Program. They are Welcome Home State subsidy, Early Intervention Services Part C from the Ohio Department of Health, and Temporary Assistance for Needy Families through Mahoning County Job and Family Services. These monies are for the promotion of the well-being of young children through home-based specialized services and public awareness, with a special emphasis on early intervention and prevention.

Ohio Children's Trust Fund - This fund accounts for monies from the State to provide child abuse and neglect prevention programs

JJC RECLAIM Service Coordination – This fund accounts for the Council's coordination of the Mahoning County Juvenile Justice Center's RECLAIM program (Reasonable and Equitable Community and Local Alternatives to the Incarceration of Minors).

ENGAGE System of Care Fund – This fund accounts for monies from the federal government passed through the Ohio Mental Health and Addiction Services – Office of Prevention and Wellness, to expand the System of Care approach statewide for youth and young adults ages 14 through 21 years with serious emotional disturbances, with or without co-occurring disorders, who have been, or are currently involved, or are at risk of involvement with child welfare, juvenile justice, or criminal justice systems, and/or are homeless or are at risk of homelessness.

Other governmental funds of the Council are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

C. 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 this 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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1997, the Council is required to file a budget with the Administrative Agent. This budget includes appropriations, estimated resources and encumbrances.

Appropriations – The Council is required by its fiscal agent to adopt annual appropriations.

Estimated Resources – The Council's estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

Encumbrances – The Council reserves (encumbers) appropriations when commitments are made, in accordance with the procedures of its fiscal agent. Encumbrances outstanding at year-end are carried over and are not re-appropriated.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (continued)

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the fiscal agent to the Council's funds which have been created for the purpose of accounting for Council receipts and disbursements.

E. Cash and Investments

To improve cash management, cash received by the Council is pooled and deposited with the County Auditor. Individual fund integrity is maintained through Council records. Interest in the pool is presented as "Equity in Cash and Cash Equivalents".

F. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Fiscal/Administrative Agent

The Ohio Revised Code requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Mahoning County Juvenile Court (the Court). The Council authorizes the Court, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in this agreement. The Court agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of this agreement.

H. 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.

I. Employer Contributions to Cost-Sharing Pension Plans

The Council 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.

J. 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.

K. Fund Balances

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:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balances (continued)

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

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

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

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 restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Council, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The Council applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

L. Net Cash Position

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The Council first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

At June 30, 2015, the General Fund had a deficit fund balance in the amount of \$41,006. This is an increase in the deficit fund balance from the last reporting period and is due to the Council’s general operating expenditures in excess of revenues received.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE (Continued)

Although the Council is not required to comply with Ohio Revised Code section 5705.09, accountability requirements mandate that a special revenue fund should be created to maintain the integrity of the expenditures and receipts of restricted grant funds. The Council's accounting records did not reflect the JJC RECLAIM Coordination Service fund activity in a separate fund but included it in the general operating fund of the Council. It has been segregated and reported in a separate fund on the basic financial statements.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The County maintains a depository which includes the funds of the Council. The Ohio Revised Code prescribes allowable deposits and investments. The Council's carrying amount of cash on deposit with the County at June 30, 2015, was \$111,828. The County is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

Custodial credit risk is the risk that, in the event of bank failure, the Council's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of Mahoning County.

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description - The Council contributes to 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% 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 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 visiting <https://www.opers.org/investments/cafr.shtml>, or 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. For the fiscal year ended June 30, 2015 member contribution rates were 10% of earnable salary in state and local classifications. The Council employed no public safety members and no law enforcement members in the fiscal year ended June 30, 2015. The Council's contribution rate for state and local members was 14% of earnable salary. The Council's required contributions for pension obligations to the Traditional Pension Plan for the year ended June 30, 2015 were \$12,127. 100% has been contributed for 2015.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 6 – POSTEMPLOYMENT BENEFITS

Plan Description – 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, 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 requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. For the fiscal year ending June 30, 2015, state and local government employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB.

OPERS’ Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees 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 Pension Plan and Combined Plan was 2% during fiscal year 2015, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Council’s contributions allocated to fund post-employment healthcare benefits for the year ended June 30, 2015 was \$1,732. 100% has been contributed for 2015.

Changes to the healthcare plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved healthcare changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the healthcare fund after the end of the transition period.

NOTE 7 - RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. The Council was named on the Mahoning County’s policy with \$1,000,000 general liability coverage per occurrence and \$1,000,000 general aggregate. Settled claims have not exceeded coverage in any of the past three years.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 8 - CONTINGENCIES

A. Litigation

The Council is not currently involved in litigation.

B. Grants

The Council receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Council. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Council.

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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

Mahoning County Family and Children First Council
Mahoning County
300 East Scott Street
Youngstown, Ohio 44505

To the Executive 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, each major fund, and the aggregate remaining fund information of the Mahoning County Family and Children First Council, Mahoning County, Ohio (the Council) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 19, 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 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

January 19, 2016

**MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-01	Filing of Annual Financial Reports	Yes	
2014-02	Filing of Annual Budget with Fiscal Agent	Yes	
2014-03	Mispostings and Misclassifications Resulting in Financial Statement Adjustments	Yes	

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Dave Yost • Auditor of State

MAHONING COUNTY FAMILY AND CHILDREN FIRST COUNCIL

MAHONING 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
FEBRUARY 4, 2016**