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1907 Grand Central Ave.
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1310 Market Street, Suite 300
Wheeling, WV 26003
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**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

Members of Council
Coshocton Family & Children First Council
724 South Seventh Street
Coshocton, Ohio 43812

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

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

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

Dave Yost
Auditor of State

September 19, 2017

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**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis - December 31, 2016.....	3
Statement of Activities – Modified Cash Basis - December 31, 2016	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – December 31, 2016.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis - Governmental Funds – For the Year Ended December 31, 2016	6
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2016	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis - December 31, 2015.....	8
Statement of Activities – Modified Cash Basis - December 31, 2015	9
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – December 31, 2015.....	10
Combined Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis - Governmental Funds – For the Year Ended December 31, 2015	11
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2015	12
Notes to the Basic 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>	24
Schedule of Audit Findings	26
Schedule of Prior Audit Findings.....	27

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INDEPENDENT AUDITOR'S REPORT

June 21, 2017

Coshocton Family & Children First Council
Coshocton County
724 South Seventh Street
Coshocton, Ohio 43812

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **Coshocton County Family and Children First Council**, Coshocton County, (the Council) as of and for the years ended December 31, 2016 and 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 modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Coshocton County Family and Children First Council, Coshocton County, Ohio, as of December 31, 2016 and 2015, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund 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 modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

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



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

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON COUNTY

Statement of Net Position - Modified Cash Basis

December 31, 2016

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 228,731</u>
<i>Total Assets</i>	<u><u>228,731</u></u>
Net Position	
Unrestricted	<u>228,731</u>
<i>Total Net Position</i>	<u><u>\$ 228,731</u></u>

See accompanying notes to the basic financial statements

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2016*

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
			Governmental Activities
Governmental Activities			
Human Services	\$ 247,553	\$ 199,313	\$ (48,240)
<i>Total Governmental Activities</i>	<u>\$ 247,553</u>	<u>\$ 199,313</u>	<u>(48,240)</u>
General Receipts:			
Miscellaneous			<u>4,526</u>
<i>Total General Receipts</i>			<u>4,526</u>
Change in Net Position			(43,714)
<i>Net Position Beginning of Year</i>			<u>272,445</u>
<i>Net Position End of Year</i>			<u>\$ 228,731</u>

See accompanying notes to the basic financial statements

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON COUNTY

Statement of Assets and Fund Balances- Modified Cash Basis

Governmental Funds

December 31, 2016

	<u>General</u>	<u>Total Governmental Funds</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 228,731	\$ 228,731
<i>Total Assets</i>	<u>228,731</u>	<u>228,731</u>
Fund Balances		
Assigned	15,270	15,270
Unassigned	<u>213,461</u>	<u>213,461</u>
<i>Total Fund Balances</i>	<u>\$ 228,731</u>	<u>\$ 228,731</u>

See accompanying notes to the basic financial statements

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

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

For the Year Ended December 31, 2016

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Intergovernmental	\$ 177,313	\$ -	\$ 177,313
Miscellaneous	3,776	-	3,776
Membership Contribution	22,750	-	22,750
<i>Total Receipts</i>	<u>203,839</u>	<u>-</u>	<u>203,839</u>
Disbursements			
Human Services	239,621	7,932	247,553
<i>Total Disbursements</i>	<u>239,621</u>	<u>7,932</u>	<u>247,553</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,782)</u>	<u>(7,932)</u>	<u>(43,714)</u>
<i>Fund Balances Beginning of Year</i>	<u>264,513</u>	<u>7,932</u>	<u>272,445</u>
<i>Fund Balances End of Year</i>	<u>\$ 228,731</u>	<u>\$ -</u>	<u>\$ 228,731</u>

See accompanying notes to the basic financial statements

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual - Budget Basis

General Fund

For the Year Ended December 31, 2016

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 168,686	\$ 176,586	\$ 177,313	\$ 727
Miscellaneous	15,000	4,000	3,776	(224)
Membership Contributions	10,125	23,625	22,750	(875)
<i>Total Receipts</i>	<u>193,811</u>	<u>204,211</u>	<u>203,839</u>	<u>(372)</u>
Disbursements				
Salaries	74,265	98,365	88,595	9,770
Employee Fringe Benefits	29,321	33,586	30,106	3,480
Supplies	14,035	24,908	13,286	11,622
Equipment	1,500	1,500	-	1,500
Contract Services	86,985	108,528	90,858	17,670
Travel/Conferences	1,500	2,500	2,242	258
Other	31,833	36,011	14,534	21,477
<i>Total Disbursements</i>	<u>239,439</u>	<u>305,398</u>	<u>239,621</u>	<u>65,777</u>
<i>Excess of Receipts (Under) Disbursements</i>	(45,628)	(101,187)	(35,782)	65,405
<i>Fund Balance Beginning of Year</i>	<u>272,445</u>	<u>272,445</u>	<u>264,513</u>	<u>(7,932)</u>
<i>Fund Balance End of Year</i>	<u>\$ 226,817</u>	<u>\$ 171,258</u>	<u>\$ 228,731</u>	<u>\$ 57,473</u>

See accompanying notes to the basic financial statements

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON COUNTY

Statement of Net Position - Modified Cash Basis

December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 272,445</u>
<i>Total Assets</i>	<u><u>272,445</u></u>
Net Position	
Unrestricted	<u>272,445</u>
<i>Total Net Position</i>	<u><u>\$ 272,445</u></u>

See accompanying notes to the basic financial statements

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

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

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
			Governmental Activities
Governmental Activities			
Human Services	\$ 256,490	\$ 179,153	\$ (77,337)
<i>Total Governmental Activities</i>	<u>\$ 256,490</u>	<u>\$ 179,153</u>	<u>(77,337)</u>
General Receipts:			
Miscellaneous			<u>10,431</u>
<i>Total General Receipts</i>			<u>10,431</u>
Change in Net Position			(66,906)
<i>Net Position Beginning of Year</i>			<u>339,351</u>
<i>Net Position End of Year</i>			<u>\$ 272,445</u>

See accompanying notes to the basic financial statements

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY
Statement of Assets and Fund Balances- Modified Cash Basis
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 264,513	\$ 7,932	\$ 272,445
<i>Total Assets</i>	<u>264,513</u>	<u>7,932</u>	<u>272,445</u>
Fund Balances			
Assigned	22,584		22,584
Unassigned	<u>241,929</u>	<u>7,932</u>	<u>249,861</u>
<i>Total Fund Balances</i>	<u>\$ 264,513</u>	<u>\$ 7,932</u>	<u>\$ 272,445</u>

See accompanying notes to the basic financial statements

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

*Combined Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2015*

	General	Other Governmental Funds	Total Governmental Funds
Receipts			
Intergovernmental	\$ 154,653	\$ 15,000	\$ 169,653
Miscellaneous	9,806	-	9,806
Membership Contribution	10,125	-	10,125
<i>Total Receipts</i>	<u>174,584</u>	<u>15,000</u>	<u>189,584</u>
Disbursements			
Human Services	249,422	7,068	256,490
<i>Total Disbursements</i>	<u>249,422</u>	<u>7,068</u>	<u>256,490</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(74,838)</u>	<u>7,932</u>	<u>(66,906)</u>
<i>Fund Balances Beginning of Year</i>	<u>331,419</u>	<u>7,932</u>	<u>339,351</u>
<i>Fund Balances End of Year</i>	<u>\$ 256,581</u>	<u>\$ 15,864</u>	<u>\$ 272,445</u>

See accompanying notes to the basic financial statements

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual - Budget Basis

General Fund

For the Year Ended December 31, 2015

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental:	\$ 192,989	\$ 185,539	\$ 154,653	\$ (30,886)
Miscellaneous	750	9,500	9,806	306
Membership Contributions	23,000	10,500	10,125	(375)
<i>Total Receipts</i>	<u>216,739</u>	<u>205,539</u>	<u>174,584</u>	<u>(30,955)</u>
Disbursements				
Salaries	74,628	74,628	73,429	1,199
Employee Fringe Benefits	27,173	27,173	25,226	1,947
Supplies	14,035	15,101	11,136	3,965
Equipment	2,400	2,400	1,907	493
Contract Services	81,472	122,359	101,366	20,993
Travel/Conferences	2,500	2,500	1,112	1,388
Other	36,405	48,841	35,246	13,595
<i>Total Disbursements</i>	<u>238,613</u>	<u>293,002</u>	<u>249,422</u>	<u>43,580</u>
<i>Excess of Receipts (Under) Disbursements</i>	(21,874)	(87,463)	(74,838)	12,625
<i>Fund Balance Beginning of Year</i>	<u>339,351</u>	<u>339,351</u>	<u>331,419</u>	<u>(7,932)</u>
<i>Fund Balance End of Year</i>	<u>\$ 317,477</u>	<u>\$ 251,888</u>	<u>\$ 256,581</u>	<u>\$ 4,693</u>

See accompanying notes to the basic financial statements

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 1 – Reporting Entity

Section 121.37, Ohio Revised Code, created the Ohio Family and Children First Council and permitted counties to established County Family and Children First Councils. Statutory membership of a county consists of the following individuals:

1. 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;
2. The health commissioner of the board of health of each city or general health district in the county, or their designees;
3. The director of the county department of job and family services;
4. The executive director of the county agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
5. The superintendent of the county board of developmental disabilities, or their designee if serving as superintendent for multiple counties;
6. 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 department of education, which shall notify each county of its determination at least biennially;
7. 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;
8. A representative of the largest city in the county;
9. The chair of the board of county commissioners, or an individual designated by the board;
10. A representative of the regional office of the department of youth services;
11. A representative of the county's head start agencies, as defined in Section 3301.31 of the Revised Code;
12. 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
13. At least three individuals representing the interest of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership. In addition, 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.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 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:

1. Refer to the Cabinet Council those children for whom the County Council cannot provide adequate services;
2. 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;
3. 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";
4. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

Eighteen agencies are members of the Coshocton County Family and Children First Council of which they appoint an individual to attend the Council meetings. Only the agencies that regularly attend the meetings are voting members.

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

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 more of the Council's accounting policies.

Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council.

They comprise the Council's legal entity which provides various services including human, social, health, and educational services to families and children. The Council, the Board, and the Director have direct responsibility for these activities.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The Council's basic financial statements consist of government-wide statements, including a statement of net position, 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 statement of net position presents the financial condition of the governmental activities of the Council at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Council's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct expenses with program receipts identifies the extent to which each governmental program is self-financing or draws from the general revenues 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. Non-major funds are aggregated and presented in a single column.

Fund Accounting

The Council uses fund accounting 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 segregate resources that are restricted as to use. The Council utilizes the governmental category of funds.

Governmental Funds

Governmental funds are those through which most governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following is the Council's major governmental fund:

General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those restricted by law or contract and 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 and the Charter of the Council.

The other governmental funds of the Council account for grants and other resources whose use is restricted for a particular purpose.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 2 – Summary of Significant Accounting Policies (*Continued*)

Fiscal and Administrative Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. As of July 1, 2004, the Coshocton County General Health District served as administrative agent and the Coshocton County Auditor serves as fiscal agent for the Council. The Council authorizes Coshocton County General Health District, as administrative agent, and Coshocton County Auditor, as fiscal agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Coshocton County General Health District and Coshocton County Auditor agrees to be ultimately responsible for fulfilling the administrative and fiscal obligations of the agreement.

Basis of Accounting

The Council's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of this modified 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.

Budgetary Process

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

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 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 in 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 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 2 – Summary of Significant Accounting Policies (*Continued*)

Fund Balance (*Continued*)

Committed (Continued)

Constraints imposed on the use of committed amounts are imposed by the council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. 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 Fund classification are amounts 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 the Council or Council official delegated that authority by resolution, or by State Statute.

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 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.

Deposits and Investments

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

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The accompanying financial statements do not report these items as assets.

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 2 – Summary of Significant Accounting Policies (Continued)

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods 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 on the financial statements. In the government-wide statements, transfers within the governmental activities are eliminated.

Employer Contributions to Cost-Sharing Pension Plans

The Council recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Council's *modified* cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

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 (Non-GAAP Budgetary Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year-end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

Note 4 – Deposits and Investments

The Coshocton County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Coshocton County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Coshocton County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31 was as follows:

<u>2016</u>	<u>2015</u>
<u>\$ 228,731</u>	<u>\$ 272,445</u>

Note 5 – 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.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 5 – Risk Management (Continued)

The Council provides for employee health insurance through the Coshocton County Commissioners. The county's Self-Insurance Fund pays covered claims to service providers, and recovers these costs from charges to other funds based on an actuarially determined cost per employee. The Council's required contribution for its employees' health insurance coverage to the county for the years ended December 31, 2016, 2015 and 2014 were \$16,082, \$13,760, and \$12,910 respectively. The full amount has been contributed for 2016, 2015 and 2014.

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.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015 (the latest information available):

	<u>2016</u>	<u>2015</u>
Assets	\$42,182,281	\$38,307,677
Liabilities	<u>(13,396,700)</u>	<u>(12,759,127)</u>
Net Position	<u>\$28,785,581</u>	<u>\$25,548,550</u>

The pool's unpaid claims to be billed in the future are approximately \$11.0 million for 2015 and approximately \$12.0 million for 2016.

The Pool's membership increased from 520 members in 2016 to 499 members in 2015.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2016, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

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.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 5 – Risk Management (Continued)

<u>Contributions to PEP</u>	
<u>2016</u>	<u>2015</u>
\$524	\$452

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if 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 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 6 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Council employees participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Council employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 6 - Defined Benefit Pension Plans (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Council's contractually required contribution was \$12,175 for year 2016 and \$9,684 for year 2015.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 7 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The 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 maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

**COSHOCTON FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**Notes to the Basic Financial Statements
For the Years Ended December 31, 2016 and 2015**

Note 7 - Postemployment Benefits (Continued)

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the District's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$244, \$194, and \$172, respectively. The full amount has been contributed for all three years.

Note 8 – Contingent Liabilities

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

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

June 21, 2017

Coshocton Family & Children First Council
Coshocton County
724 South Seventh Street
Coshocton, Ohio 43812

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 modified cash-basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **Coshocton Family & Children First Council**, Coshocton County, (the Council) as of and for the years ended December 31, 2016 and 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 June 21, 2017, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

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

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

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Compliance and Other Matters

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

Purpose of this Report

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



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

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

The Family and Children First Council (the Council) should maintain an accounting system and accounting records sufficient to enable the Council to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures performed, an error was noted in the Council's financial statements that required reclassification as follows:

- During 2016 and 2015, the Special Revenue Ohio Childrens' Trust Fund activity was duplicated in the General Fund requiring a \$15,000 reduction to the receipts in 2015 and a \$7,032 reduction in 2016 and a \$7,932 reduction in 2015 to the expenditures of the General Fund.

The Council's financial statements have been adjusted accordingly.

Sound financial reporting is the responsibility of the Council Fiscal Officer and is essential to help ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Council's financial statements are complete and accurate, the Council should adopt policies and procedures to identify and correct errors and omissions in reporting.

Management's Response – We did not receive a response from officials to this finding.

**COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
COSHOCTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Receipt and Disbursement Reclassifications	No	Repeated as Finding 2016-001



Dave Yost • Auditor of State

COSHOCTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

COSHOCTON 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
OCTOBER 3, 2017**