



**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY
Regular Audit
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
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OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Hardin County Family & Children First
175 W. Franklin Street, Suite 150
Kenton, OH 43326-1486

We have reviewed the *Independent Auditor's Report* of the Hardin County Family & Children First, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. 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 Hardin County Family & Children First is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 30, 2019

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**HARDIN COUNTY FAMILY & CHILDREN FIRST COUNCIL
HARDIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

May 31, 2019

Hardin County Family and Children First Council
Hardin County
175 W Franklin Street, Suite 150
Kenton, OH 43326

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Hardin County Family and Children First Council**, Hardin County, (the Council) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of the Hardin County Family and Children First Council, Hardin County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019, 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$ 106,446	\$ -	\$ 106,446
Intergovernmental - State	31,550	134,474	166,024
Intergovernmental - Federal	-	41,438	41,438
<i>Total Cash Receipts</i>	<u>137,996</u>	<u>175,912</u>	<u>313,908</u>
Cash Disbursements			
Contractual Services	38,715	146,829	185,544
Travel Reimbursements	-	3,502	3,502
Supplies and Materials	-	6,168	6,168
Other	375	341	716
<i>Total Cash Disbursements</i>	<u>39,090</u>	<u>156,840</u>	<u>195,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	98,906	19,072	117,978
Other Financing Receipts (Disbursements)			
Advances-In	-	52,074	52,074
Advances-Out	-	(52,074)	(52,074)
<i>Total Other Financing Receipts(Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	98,906	19,072	117,978
<i>Fund Cash Balances, January 1</i>	<u>49,451</u>	<u>26,113</u>	<u>75,564</u>
Fund Cash Balances, December 31			
Restricted	-	45,185	45,185
Assigned	25,000	-	25,000
Unassigned	123,357	-	123,357
<i>Fund Cash Balances, December 31</i>	<u>\$ 148,357</u>	<u>\$ 45,185</u>	<u>\$ 193,542</u>

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

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 – Reporting Entity

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

1. 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;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. 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;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities;
7. 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;
8. 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;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. 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
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 1 – Reporting Entity (Continued)

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

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

1. Referrals to the Cabinet Council of 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;
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system;
6. Develop and implement an interagency process to establish local indicators and monitor the County's progress toward increasing child well-being in the county;
7. Develop and implement an interagency process to identify local priorities to increase child well-being. The local priorities shall focus on expectant parents and newborns thriving; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and youth successfully transitioning into adulthood;
8. Develop and implement an annual plan that identifies the county's interagency efforts to increase child well-being in the county. On an annual basis, the county council shall submit a report on the status of efforts by the county to increase child well-being in the county to the county's board of county commissioners and the cabinet council.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 1 – Reporting Entity (Continued)

The following committees have been established to meet Council's statutory requirements:

Executive Committee: The Committee holds the authority to conduct business on behalf of the Council. All business addressed and concluded by the Committee is reported to and ratified by the full Council during the next regularly convened meeting.

Family Preservation Committee: The Committee meets monthly to discuss and address specific family issues.

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

Basis of Presentation

The Council's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

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

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

Healthier Buckeye Council Fund – This fund receives state grant monies restricted for the purposes to assist low income individuals and families to bridge barriers impeding their progress to financial independence.

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Hardin County Auditor as fiscal agent for the Council and the Hardin County Department of Job and Family Services as administrative agent, to subcontract with, designate, and seek assistance from any agencies or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Hardin County Auditor and the Hardin County Department of Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

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 Hardin County Auditor as required by Ohio law.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Fund Balance

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

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

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

Committed: The Council can *commit* amounts via formal action (resolution). The Council must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,750	\$ 137,996	\$ 122,246
Special Revenue	282,029	175,912	(106,117)
Total	\$ 297,779	\$ 313,908	\$ 16,129

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 25,000	\$ 39,090	\$ (14,090)
Special Revenue	303,029	156,840	146,189
Total	\$ 328,029	\$ 195,930	\$ 132,099

Note 4 – Deposits and Investments

The Hardin County Auditor, as fiscal agent for the Council, maintains a cash pool used by all of the Hardin County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and the Hardin County Auditor is responsible for compliance. The carrying amount of deposits with the County at December 31 was \$193,542.

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

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 5 – Risk Management

The Council is insured through the Hardin County Commission for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plans

The Council Coordinator is a member of the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equal to 14 percent of members' gross salaries. The Council has paid all contributions required through December 31, 2018.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 - Contingent Liabilities

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

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$ 16,750	\$ -	\$ 16,750
Intergovernmental - State	-	236,482	236,482
Intergovernmental - Federal	-	50,201	50,201
<i>Total Cash Receipts</i>	<u>16,750</u>	<u>286,683</u>	<u>303,433</u>
Cash Disbursements			
Contractual Services	1,988	256,751	258,739
Other	25,459	42,876	68,335
<i>Total Cash Disbursements</i>	<u>27,447</u>	<u>299,627</u>	<u>327,074</u>
<i>Net Change in Fund Cash Balances</i>	(10,697)	(12,944)	(23,641)
<i>Fund Cash Balances, January 1 (Restated - See Note 9)</i>	<u>60,148</u>	<u>39,057</u>	<u>99,205</u>
Fund Cash Balances, December 31			
Restricted	-	26,113	26,113
Unassigned	49,451	-	49,451
<i>Fund Cash Balances, December 31</i>	<u>\$ 49,451</u>	<u>\$ 26,113</u>	<u>\$ 75,564</u>

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

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity

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

1. At least three individuals who are not employed by an agency represented on the Council and whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty per cent of the Council's membership.
2. 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;
3. 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;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency.
6. The Superintendent of the County Board of Developmental Disabilities.
7. 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;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting if the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in the Ohio Revised Code Section 3301.32;
13. 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.
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity (Continued)

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

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

1. Referrals to the Cabinet Council of 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;
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.
6. Develop and implement an interagency process to establish local indicators and monitor the County's progress toward increasing child well-being in the county;
7. Develop and implement an interagency process to identify local priorities to increase child well-being. The local priorities shall focus on expectant parents and newborns thriving; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and youth successfully transitioning into adulthood.
8. Develop and implement an annual plan that identifies the County's interagency efforts to increase child well-being in the County. On an annual basis, the County Council shall submit a report on the status of efforts by the County to increase child well-being in the County to the County's Board of County Commissioners and the Cabinet Council.

The following committees have been established to meet Council's statutory requirements:

Finance Committee: The committee reviews periodic financial reports submitted by the Council coordinator and Council fiscal agent. The committee also performs an annual internal audit of all funds under control of Council.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 – Reporting Entity (Continued)

Family Preservation Committee: Established to monitor out of home placements of children in the county. Team helps to guide the service coordination process. Oversees funding for services for children and families.

Assessment Workgroup: The committee is responsible for conducting needs assessments in the county, identifying community values, and creating a profile of programs, services, and resources that exist in Hardin County.

Evaluation Workgroup: Responsible for developing procedures to monitor local health and social services plans in the county.

Funders' Forum: Reviews proposals for Council programming and services. The committee is responsible for acquiring financial and other resources to invest in outcomes for families and children.

Gaps Analysis Workgroup: Analyzes the outcomes of Council programming in order to identify specific gaps in services.

Implementation Workgroup: Reviews and recommends potential programs to implement in Hardin County.

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

Basis of Presentation

The Council's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis)

These financial statement follow the accounting basis permitted by the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Fund Accounting

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

General Fund - The General Fund is the operating fund of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Help Me Grow- This fund receives state and federal grant monies to be used for provision of early intervention programs for infants and toddlers with disabilities up three years of age and their families.

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Hardin County Auditor as fiscal agent for the Council and the Hardin County Department of Job and Family Services as administrative agent, to subcontract with, designate, and seek assistance from any agencies or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Hardin County Auditor and the Hardin County Department of Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 appropriate measure with the Hardin County Auditor as required by Ohio Law. The Council budgets on a fiscal year basis from January 1 to December 31.

A summary of fiscal year 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Fund Balance

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

Nonspendable The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form, or are 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 cash balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions or enabling legislation.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2 – Summary of Significant Accounting Polices (Continued)

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the period January 1, 2017 through December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,750	\$ 16,750	\$ 1,000
Special Revenue	961,149	286,683	(674,466)
Total	\$ 976,899	\$ 303,433	\$ (673,466)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,546	\$ 27,447	\$ 13,099
Special Revenue	969,682	299,627	670,055
Total	\$ 1,010,228	\$ 327,074	\$ 683,154

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 4 – Deposits and Investments

The Hardin County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of the Hardin County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Hardin County Auditor's Treasurer is responsible for compliance. The carrying amount of deposits and investments related to the Council at December 31, 2017 was \$75,564.

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

Note 5 – Risk Management

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 6 – Defined Benefit Pension Plans

The Council's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10 percent of their gross salaries and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2017.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 1 percent during calendar year 2017.

Note 8 – Contingent Liabilities

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure 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 General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at December 31, 2017.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 9 – Restatement of Fund Balances

The Council's fund cash balances at January 1, 2017 have been restated to move pooled funding beginning fund balance to the General Fund. The following changes in fund balances at January 1, 2017:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund Balance at December 31, 2016 as Previously Reported	\$43,652	\$55,553
Adjustment to move pooled funding to General Fund	<u>16,496</u>	<u>(16,496)</u>
Fund Balance January 1, 2017 as Restated	<u><u>\$60,148</u></u>	<u><u>\$39,057</u></u>



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

May 31, 2019

Hardin County Family and Children First Council
Hardin County
175 W Franklin Street, Suite 150
Kenton, OH 43326

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Hardin County Family and Children First Council**, Hardin County, (the Council) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 31, 2019, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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.

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Internal Control Over Financial Reporting (Continued)

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 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of the Director and the Council and is essential to ensure that the information which is provided to the readers of the financial statements is complete and accurate.

The Council is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting.

During 2018 and 2017, receipts, disbursements and beginning fund balances were not always posted or classified correctly. The following posting errors were noted:

- The Pooled Funding Fund was rolled up into the Special Revenue Fund when it should have been in the General Fund. Beginning fund balances, receipts, and disbursements for all activity in 2018 and 2017 were adjusted;
- FCSS receipts were not always posted to the correct fund or line item in 2018 and 2017;
- A Postemployment Benefits Note was omitted in 2017; and
- Budgetary Notes were changed due to adjustments between the Special Revenue and General Funds.

Not posting receipts, disbursements, and beginning fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Council has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues, expenditures, and fund balances are properly identified and classified on the financial statements. We recommend the Council use the available templates for financial statements and notes to the financial statements on the Auditor of State's website to prepare an accurate annual financial report.

Officials' Response – Officials did not provide a response to this finding.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting of Receipts	Not Corrected	Repeated as Finding 2018-001

OHIO AUDITOR OF STATE
KEITH FABER



HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HARDIN 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
AUGUST 13, 2019**