



Dave Yost • Auditor of State

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Clinton County Family and Children First Council
Clinton County
1025 S. South Street, Suite 400
Wilmington, Ohio 45177

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 Clinton County Family and Children First Council, Clinton County, (the Council) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2014 and 2013 or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Clinton County Family and Children First Council, Clinton County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2016, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

January 21, 2016

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$15,750	\$167,292	\$183,042
Charges for Contractual Services	211,756	0	211,756
Miscellaneous	4,700	0	4,700
<i>Total Cash Receipts</i>	<u>232,206</u>	<u>167,292</u>	<u>399,498</u>
Cash Disbursements:			
Contractual Services	54,570	198,229	252,799
Advertising and Printing	60	0	60
Supplies & Materials	150	0	150
Services and Charges	157,801	220	158,021
Other	115	23,172	23,287
<i>Total Cash Disbursements</i>	<u>212,696</u>	<u>221,621</u>	<u>434,317</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,510</u>	<u>(54,329)</u>	<u>(34,819)</u>
Other Financing Receipts (Disbursements):			
Other Financing Sources	0	9,630	9,630
Other Financing Uses	0	(5,000)	(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>4,630</u>	<u>4,630</u>
<i>Net Change in Fund Cash Balances</i>	19,510	(49,699)	(30,189)
<i>Fund Cash Balances, January 1</i>	<u>37,955</u>	<u>111,425</u>	<u>149,380</u>
Fund Cash Balances, December 31:			
Restricted	0	61,726	61,726
Assigned	27,729	0	27,729
Unassigned (Deficit)	29,736	0	29,736
<i>Fund Cash Balances, December 31</i>	<u><u>\$57,465</u></u>	<u><u>\$61,726</u></u>	<u><u>\$119,191</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$15,750	\$197,574	\$213,324
Charges for Contractual Services	143,635	0	143,635
Miscellaneous	4,697	0	4,697
<i>Total Cash Receipts</i>	<u>164,082</u>	<u>197,574</u>	<u>361,656</u>
Cash Disbursements:			
Personal Services	20	13,121	13,141
Contractual Services	36,713	148,916	185,629
Advertising and Printing	118	0	118
Services and Charges	147,531	4,715	152,246
Other	395	14,502	14,897
<i>Total Cash Disbursements</i>	<u>184,777</u>	<u>181,254</u>	<u>366,031</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,695)</u>	<u>16,320</u>	<u>(4,375)</u>
Other Financing Receipts (Disbursements):			
Other Financing Sources	750	300	1,050
<i>Total Other Financing Receipts (Disbursements)</i>	<u>750</u>	<u>300</u>	<u>1,050</u>
<i>Net Change in Fund Cash Balances</i>	(19,945)	16,620	(3,325)
<i>Fund Cash Balances, January 1, Restated</i>	<u>57,900</u>	<u>94,805</u>	<u>152,705</u>
Fund Cash Balances, December 31:			
Restricted		111,425	111,425
Assigned	1,434	0	1,434
Unassigned (Deficit)	36,521	0	36,521
<i>Fund Cash Balances, December 31</i>	<u><u>\$37,955</u></u>	<u><u>\$111,425</u></u>	<u><u>\$149,380</u></u>

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

1. Reporting Entity/Summary of Significant Accounting Policies

A. Description of the Entity

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

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

**CLINTON COUNTY FAMILY AND CHILDREN FIRST
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (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:

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

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

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

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

**CLINTON COUNTY FAMILY AND CHILDREN FIRST
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

D. Fund Accounting

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

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

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

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

E. Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Clinton County Auditor as their fiscal agent. The Auditor maintains the funds of the Council in a separate agency fund. The Council has selected the Clinton County Department of Job and Family Services (CCDJFS) as their administrative agent. The Council authorizes the CCDJFS as their administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement.

F. Budgetary Process

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

**CLINTON COUNTY FAMILY AND CHILDREN FIRST
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

G. Cash and Investments

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

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

I. Fund Balance

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

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

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

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

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

**CLINTON COUNTY FAMILY AND CHILDREN FIRST
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

1. Reporting Entity/Summary of Significant Accounting Policies (Continued)

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

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

2. Equity in Pooled Cash

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

	2014	2013
Total deposits	\$119,191	\$149,380

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.

3. Risk Management

The Council is covered under Clinton County insurance policies.

4. Fund Balance Restatement

Fund cash balances previously reported have been restated to correct prior fund balance that was increased by a transfer incorrectly recorded in the General Fund.

	General
Amount previously reported December 31, 2012	\$76,988
General Fund Correction	(19,088)
Restated Amount, January 1, 2013	\$57,900

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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

Clinton County Family and Children First Council
Clinton County
1025 S. South Street, Suite 400
Wilmington, Ohio 45177

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 the Clinton County Family and Children First Council, Clinton County, (the Council) as of and for the year ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated January 21, 2016 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

January 21, 2016

**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

Governmental Accounting Standards Board (GASB) Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, which was codified in GASB Codification 1300, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. Under GASB Codification 1300, Special Revenue funds are used to 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.

During 2014, the Clinton County Family and Children First Council (Council) established fund 8301 to account for monies received from the Clinton County Jobs and Family Services Department as payment for residential services provided by the Council. The Council accounted for these monies in the General Fund in 2013; however the Council reported fund 8301 activity as a Special Revenue fund in 2014. This activity was not restricted and the Council should have reported fund 8301 activity in the General Fund for 2014. Also, the December 31, 2014 fund 8301 balance of \$27,729 should have been classified as assigned in the General Fund because the Council intended these monies to be used for residential services.

The inaccurate reporting of fund 8301 in 2014, and other errors resulting from the Council's lack of controls to ensure that transactions were classified and posted accurately, resulted in the following errors:

2014					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
<i>Receipts and Disbursements:</i>					
Special Revenue	Miscellaneous Receipts	\$160,419	General	Charges for Contractual Services Receipts	\$160,419
Special Revenue	Contractual Services*	18,170	General	Contractual Services*	18,170
Special Revenue	Services and Charges*	114,520	General	Services and Charges*	114,520
General	Miscellaneous Receipts	44,305	General	Contractual Services	44,305
General	Other Financing Sources	7,032	General	Contractual Services	7,032
Special Revenue	Miscellaneous	4,630	Special Revenue	Other Financing Sources	4,630
<i>Fund Balance:</i>					
Special Revenue	Restricted Fund Balance	27,729	General	Assigned Fund Balance	27,729

2013					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Miscellaneous Receipts	\$143,635	General Fund	Charges for Contractual Services Receipts	\$143,635
General Fund	Unassigned Fund Balance	1,434	General Fund	Assigned Fund Balance	1,434
General Fund	Beginning Fund Balance 1/1/13	76,988	General Fund	Beginning Fund Balance 1/1/13	57,900

* = disbursement transactions

Audit adjustments were posted to the financial statements and accounting system, where appropriate, to correct these errors.

**FINDING NUMBER 2014-001
(Continued)**

Failure to accurately classify, post and report receipt and expenditure transactions could result in material errors in the Family and Children First's financial statements and reduces the ability of Council to monitor financial activity and to make sound decisions which affect the overall, available cash position of the Family and Child First.

We recommend that officials review the chart of accounts and activity to assure that items are being posted to the proper account codes and funds.

We recommend that the Council review the GASB Codification 1300 and classify fund balances in accordance with the guidelines when preparing the financial statements. Auditor of State Bulletin 2011-004 clarifies the impact of GASB 54 on Ohio Governmental units and provides guidance on implementation.

Officials' Response:

The Officials did not respond to this finding.

FINDING NUMBER 2014-002

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

The fiscal agent for the Clinton County Family and Children First Council (Council) implemented a new accounting software package during the audit period. The following conditions indicate that the controls related to the new accounting system did not provide reasonable assurance regarding the achievement of the internal control objectives of reliability of financial reporting, effectiveness and efficiency of operations; compliance with applicable laws and regulations; and had the potential to result in material misstatements to the financial statements.

- The Fiscal Agent did not post 2013 revenue transactions until March 2013 which meant that the Council could not complete a comparison or reconciliation until after that time period.
- Receipt and expenditure transactions were input in the accounting system, however appropriate access was not provided to the Council to review the accounting activity in the accounting system. This resulted in accounting errors by the fiscal agent that were not detected in a timely manner.
- The fiscal agent presented three different sets of revenue and expenditure spreadsheets to use for the audit. The final versions included numerous posting adjustments, as described in finding 2014-001.
- The fiscal agent did not include in the new accounting system any type of coding or classification structure that would allow the Council to segregate the financial activity for their different funding sources.
- The County did not complete the reconciliations between the County Auditor, County Treasurer and cash and investment accounts for 2013 on the new accounting system until July 2014. The lack of reconciliations performed by the fiscal agent to the cash and investment accounts resulted in the reports provided to the Council containing errors and they could not be relied upon to complete their reconciliations.

**FINDING NUMBER 2014-002
(Continued)**

These conditions and deficiencies resulted in inaccurate accounting records and financial statements being provided by the fiscal agent, the inability of the Council to complete timely reconciliations, and have proper access to monitor financial activity.

We were able to complete alternative procedures using the detailed monthly records maintained by the Council for our testing over the Council's activities.

The fiscal agent needs to develop and implement an accounting structure for the Council that allows them to properly review and monitor the financial activity by funding source. Monthly reconciliations should be completed by the fiscal agent so that the information provided to the Council is complete and accurate. This will also allow the Council to properly monitor their financial records and activity and complete their reconciliation on a timely basis.

Officials' Response:

The Officials did not respond to this finding.

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**CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-01	Material Weakness – Lack of accounting for receipts and expenditures for residential services, Auditor of State Bulletin 98-007.	Yes	

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Dave Yost • Auditor of State

CLINTON COUNTY FAMILY AND CHILDREN FIRST COUNCIL

CLINTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2016**