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Certified Public Accountants, A.C.

**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY
Regular Audit
For the Years Ended December 31, 2016 and 2015**

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Hardin County Family and Children First Council, Hardin 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 Hardin County Family and 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

June 12, 2017

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

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INDEPENDENT AUDITOR'S REPORT

May 5, 2017

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, 2016 and 2015.

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 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, 2016 and 2015, 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 Hardin County Family and Children First Council, Hardin County as of December 31, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 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 & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$ -	\$ 7,363	\$ 7,363
Intergovernmental - State	31,500	135,431	166,931
Intergovernmental - Federal	-	32,198	32,198
<i>Total Cash Receipts</i>	<u>31,500</u>	<u>174,992</u>	<u>206,492</u>
Cash Disbursements			
Contractual Services	12,173	138,684	150,857
Other	-	46,146	46,146
<i>Total Cash Disbursements</i>	<u>12,173</u>	<u>184,830</u>	<u>197,003</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	19,327	(9,838)	9,489
Other Financing Receipts (Disbursements):			
Transfers-In	-	2,575	2,575
Transfers-Out	-	(2,575)	(2,575)
Advances-In	-	15,000	15,000
Advances-Out	-	(15,000)	(15,000)
<i>Total Other Financing Receipts(Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	19,327	(9,838)	9,489
<i>Fund Cash Balances, January 1</i>	<u>24,325</u>	<u>65,392</u>	<u>89,717</u>
Fund Cash Balances, December 31			
Restricted	-	55,554	55,554
Assigned	1,400	-	1,400
Unassigned	42,252	-	42,252
<i>Fund Cash Balances, December 31</i>	<u>\$ 43,652</u>	<u>\$ 55,554</u>	<u>\$ 99,206</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - State	\$ 15,750	\$ 62,375	\$ 78,125
Intergovernmental - Federal	-	35,794	35,794
<i>Total Cash Receipts</i>	<u>15,750</u>	<u>98,169</u>	<u>113,919</u>
Cash Disbursements			
Contractual Services	-	105,976	105,976
Other	6,249	-	6,249
<i>Total Cash Disbursements</i>	<u>6,249</u>	<u>105,976</u>	<u>112,225</u>
<i>Net Change in Fund Cash Balances</i>	9,501	(7,807)	1,694
<i>Fund Cash Balances, January 1</i>	<u>14,824</u>	<u>73,199</u>	<u>88,023</u>
Fund Cash Balances, December 31			
Restricted	-	65,392	65,392
Unassigned	24,325	-	24,325
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 24,325</u></u>	<u><u>\$ 65,392</u></u>	<u><u>\$ 89,717</u></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 YEARS ENDED DECEMBER 31, 2016 AND 2015**

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:

- 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 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;
- c. 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;
- 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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(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:

- 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;
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system;
- f. Develop and implement an interagency process to establish local indicators and monitor the County’s progress toward increasing child well-being in the county;
- g. 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;
- h. 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 County fiscal agent. The committee also performs an annual internal audit of all funds under control of council.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 1 – REPORTING ENTITY (Continued)

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 statements 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 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 Fund:

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Hardin County Auditor as fiscal agent for the Council and the Hardin County Department of Job and Family Services, as administrative agent. Council funds are maintained in separate agency funds at the County. The administrative agent agrees to:

1. Serve as the Council's appointing authority;
2. Exercise spending authority within the limits of the annual budget developed and approved by the Council; and
3. Perform the following on behalf of the Council; but only upon the expressed approval of and direction by the Council:
 - a. Enters into written agreements or administer contracts with public or private entities to fulfill Council business;
 - b. Provide financial stipends, reimbursements, or both, to family representatives for expenses related to Council activity; and
 - c. Receive by gift, grant, devise, or bequest any moneys, and or other property for the purposes for the Council is established.

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 2016 and 2015 budgetary activity appears in Note 3.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 315,750	\$ 31,500	\$ (284,250)
Special Revenue	403,220	192,567	(210,653)
Total	\$ 718,970	\$ 224,067	\$ (494,903)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 315,750	\$ 12,173	\$ 303,577
Special Revenue	449,179	202,405	246,774
Total	\$ 764,929	\$ 214,578	\$ 550,351

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,750	\$ 15,750	\$ -
Special Revenue	120,853	98,169	(22,684)
Total	\$ 136,603	\$ 113,919	\$ (22,684)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,750	\$ 6,249	\$ 9,501
Special Revenue	127,853	105,976	21,877
Total	\$ 143,603	\$ 112,225	\$ 31,378

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Continued)**

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, 2016 and December 31, 2015 was \$99,206 and \$89,717, respectively.

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 – 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 retirement benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10% of their gross salaries, and the Council contributed an amount equal to 14% of members' gross salaries. The Council has paid all contributions required through December 31, 2016.

NOTE 6 – POSTEMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined postemployment plans, which include 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. OPERS contributes 2 percent of the employer contributions to fund these benefits.

NOTE 7 - RISK MANAGEMENT

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

- * Comprehensive property and general liability
- * Valuable papers and records
- * Errors and omissions

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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.



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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 5, 2017

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, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 5, 2017, 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.

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 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, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

Posting Receipts

Accurate financial reporting is the responsibility of the Administrative Agent and is essential to ensure information provided to the readers of the financial statements is correct.

Receipts were not always classified correctly. The following error was noted:

- An Intergovernmental – State receipt was incorrectly classified in the Special Revenue Fund instead of the General Fund 2015
- Federal grants were reported as Intergovernmental-State receipts rather than Intergovernmental-Federal receipts in 2015 and 2016 in the Special Revenue funds

Not posting receipts accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

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

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Dave Yost • Auditor of State

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
JUNE 27, 2017**