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

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# Dave Yost • Auditor of State

Members of Council  
Holmes County Family and Children First Council  
85 N. Grant St  
Millersburg, OH 44654

We have reviewed the *Independent Auditor's Report* of the Holmes County Family and Children First Council, Holmes 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 Holmes 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 2, 2017

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HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY

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## INDEPENDENT AUDITOR'S REPORT

April 28, 2017

Holmes County Family and Children First Council  
Holmes County  
85 N. Grant Street  
Millersburg, Ohio 44654

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 **Holmes County Family and Children First Council**, Holmes 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 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.

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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 the 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 statement 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 Holmes County Family and Children First Council, Holmes 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 April 28, 2017, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental - Local	\$ 16,522	\$ 261,449	\$ 277,971
Intergovernmental - State	15,750	66,350	82,100
Intergovernmental - Federal	-	69,325	69,325
Local Contributions	1,850	-	1,850
Miscellaneous	-	23,784	23,784
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	34,122	420,908	455,030
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Personal Services	27,102	-	27,102
Contract Services	-	425,047	425,047
Other	95	16,412	16,507
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	27,197	441,459	468,656
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balances	6,925	(20,551)	(13,626)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	75,037	586,036	661,073
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	565,485	565,485
Unassigned	81,962	-	81,962
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 81,962</b>	<b>\$ 565,485</b>	<b>\$ 647,447</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES 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**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Intergovernmental - Local	\$ 17,490	\$ 381,497	\$ 398,987
Intergovernmental - State	15,750	83,399	99,149
Intergovernmental - Federal	-	31,086	31,086
Local Contributions	1,850	-	1,850
	<u>35,090</u>	<u>495,982</u>	<u>531,072</u>
<b>Total Cash Receipts</b>			
	<u>35,090</u>	<u>495,982</u>	<u>531,072</u>
<b>Cash Disbursements:</b>			
Personal Services	12,133	-	12,133
Contract Services	-	492,673	492,673
Other	6,172	14,049	20,221
	<u>18,305</u>	<u>506,722</u>	<u>525,027</u>
<b>Total Cash Disbursements</b>			
	<u>18,305</u>	<u>506,722</u>	<u>525,027</u>
Net Change in Fund Cash Balances	16,785	(10,740)	6,045
Fund Cash Balances, January 1	<u>58,252</u>	<u>596,776</u>	<u>655,028</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	586,036	586,036
Unassigned	<u>75,037</u>	<u>-</u>	<u>75,037</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 75,037</u>	<u>\$ 586,036</u>	<u>\$ 661,073</u>

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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES 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 permitted counties to establish County Family and Children First Councils. Statutory membership of a 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, 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 Human Services;
- e. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to Ohio Rev. Code Section 5153.15;
- f. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as the Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
- 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 Rev. 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

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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

**NOTE 1 – REPORTING ENTITY (Continued)**

- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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. Referral 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 countrywide, 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.

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:

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 purposes of the grant provisions.

Pooled Funds – This fund receives monies from a group consisting of the Holmes County Department of Jobs and Family Services, Holmes Juvenile Court, Holmes/Wayne Mental Health and Recovery Board, and Holmes County Board of Mental Retardation and Developmental Disabilities for the purpose of providing specialized, multi-need services to specifically identified children in a coordinated, focused fashion.

**Administrative/Fiscal Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agency to provide fiscal and administrative services to the Council. The Holmes County Department of Jobs and Family Services serves as the administrative agent for the Council, and the Holmes County Auditor is the designated fiscal agent for the Holmes Council Department of Jobs and Family Services. Holmes County maintains the Council's funds in a Special Revenue Fund on the County's financial records. 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.

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(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 Holmes County Auditor, as required by Ohio Law.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**Deposits and Investments**

The Council designated the Holmes County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Holmes County Treasurer and fund expenditures and balances are reported through the Holmes 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.

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance (Continued)**

**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.

**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	\$ 32,000	\$ 34,122	\$ 2,122
Special Revenue	451,884	420,908	(30,976)
Total	\$ 483,884	\$ 455,030	\$ (28,854)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 107,037	\$ 27,197	\$ 79,840
Special Revenue	1,037,920	441,459	596,461
Total	\$ 1,144,957	\$ 468,656	\$ 676,301

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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

**NOTE 3 - BUDGETARY ACTIVITY (Continued)**

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,000	\$ 35,090	\$ 3,090
Special Revenue	451,884	495,982	44,098
Total	\$ 483,884	\$ 531,072	\$ 47,188

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 90,252	\$ 18,305	\$ 71,947
Special Revenue	1,048,660	506,722	541,938
Total	\$ 1,138,912	\$ 525,027	\$ 613,885

**NOTE 4 – DEPOSITS AND INVESTMENTS**

The Council's cash pool is maintained by the Holmes County Auditor, its fiscal agent. The Ohio Revised Code prescribes allowable deposits and investments, and the Holmes County Auditor is responsible for meeting compliance. The Council's carrying amounts of cash on deposit with the Holmes County Auditor at December 31, 2016 and 2015 was \$647,447 and \$661,073, 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.

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES COUNTY**

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

**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**

April 28, 2017

Holmes County Family and Children First Council  
Holmes County  
85 N. Grant Street  
Millersburg, Ohio 44654

To the Council:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Holmes County Family and Children First Council**, Holmes 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 April 28, 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 Authority'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 findings that we consider a material weakness. We consider finding 2016-001 to be a material weakness.

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***Compliance and Other Matters***

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

***Entity's Response to Findings***

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Council's response and accordingly, we express no opinion on it.

***Purpose of this Report***

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



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

HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HOLMES 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 Business Administrator and is essential to ensure information provided to the readers of the financial statements is correct.

During 2016 and 2015, receipts were not always classified correctly. The following errors were noted:

- Receipts were incorrectly classified as Miscellaneous instead of Intergovernmental and Local Contributions in 2016 & 2015

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** – Receipts that were not necessarily determined to be Local or Intergovernmental were classified as Other. All future financial statements will more clearly identify receipts in multiple categories within Local and Intergovernmental.

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# Dave Yost • Auditor of State

**HOLMES COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**HOLMES 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 15, 2017**