



**HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HARDIN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020 - 2019**

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Members of Council
Hardin County Family and Children First Council
175 W Franklin St. Ste 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, 2019 through December 31, 2020. 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.

Keith Faber
Auditor of State
Columbus, Ohio

November 09, 2021

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2020	3
Notes to the Financial Statements For the Year Ended December 31, 2020	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2019	10
Notes to the Financial Statements For the Year Ended December 31, 2019	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Audit Findings	19
Schedule of Prior Audit Findings.....	20

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INDEPENDENT AUDITOR'S REPORT

September 21, 2021

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 for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the **Hardin County Family and Children First Council**, Hardin County, Ohio (the Council).

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Hardin County Family and Children First Council, 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.

Emphasis of Matter

As discussed in Note 8 to the 2020 financial statements and Note 7 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. As discussed in Note 9 to the 2020 financial statements, the Council made several changes to its reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



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

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$ 239,227	\$ -	\$ 239,227
Intergovernmental - State	13,072	61,241	74,313
Intergovernmental - Federal	-	26,443	26,443
	<u>252,299</u>	<u>87,684</u>	<u>339,983</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Contractual Services	35,155	63,224	98,379
Travel Reimbursements	-	711	711
Supplies and Materials	77	3,867	3,944
Services and Charges	475	-	475
Other	1,927	1,931	3,858
	<u>37,634</u>	<u>69,733</u>	<u>107,367</u>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	214,665	17,951	232,616
<i>Fund Cash Balances, January 1</i>	<u>146,723</u>	<u>51,292</u>	<u>198,015</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 361,388</u></u>	<u><u>\$ 69,243</u></u>	<u><u>\$ 430,631</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 YEAR ENDED DECEMBER 31, 2020**

NOTE 1 – REPORTING ENTITY

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

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the largest city in the County;
10. The chair of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE 1 – REPORTING ENTITY (CONTINUED)

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

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

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the “Individuals with Disabilities Education Act of 2004”;
4. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
5. 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis).

Fund Accounting

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

Special Revenue Fund (Continued)

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

Family-Centered Services and Supports Fund This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

Administrative/Fiscal Agent

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

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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 fiscal year 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 7.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,000	\$ 252,299	\$ 210,299
Special Revenue	140,600	87,684	(52,916)
Total	<u>\$ 182,600</u>	<u>\$ 339,983</u>	<u>\$ 157,383</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,000	\$ 37,634	\$ 4,366
Special Revenue	140,600	69,733	70,867
Total	<u>\$ 182,600</u>	<u>\$ 107,367</u>	<u>\$ 75,233</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

	2020
Demand deposits	<u>\$ 430,631</u>
Total deposits	<u>\$ 430,631</u>

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

NOTE 5 – RISK MANAGEMENT

Commercial Insurance

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Continued)**

NOTE 6 – CONTINGENT LIABILITIES

The Council may be a defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Council's financial condition.

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 any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 7 – FUND BALANCES

Included in fund balance are amounts the Council cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Outstanding Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

NOTE 8 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 9 – CHANGE IN ACCOUNTING PRINCIPAL

For 2020, the Council has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

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

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$ 13,815	\$ -	\$ 13,815
Intergovernmental - State	4,605	39,244	43,849
Intergovernmental - Federal	-	35,551	35,551
<i>Total Cash Receipts</i>	<u>18,420</u>	<u>74,795</u>	<u>93,215</u>
Cash Disbursements			
Contractual Services	15,140	57,629	72,769
Travel Reimbursements	-	1,684	1,684
Supplies and Materials	-	5,379	5,379
Services and Charges	4,540	-	4,540
Other	374	3,996	4,370
<i>Total Cash Disbursements</i>	<u>20,054</u>	<u>68,688</u>	<u>88,742</u>
<i>Net Change in Fund Cash Balances</i>	(1,634)	6,107	4,473
<i>Fund Cash Balances, January 1</i>	<u>148,357</u>	<u>45,185</u>	<u>193,542</u>
Fund Cash Balances, December 31			
Restricted	-	51,292	51,292
Unassigned	146,723	-	146,723
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 146,723</u></u>	<u><u>\$ 51,292</u></u>	<u><u>\$ 198,015</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 YEAR ENDED DECEMBER 31, 2019**

NOTE 1 – REPORTING ENTITY

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

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the largest city in the County;
10. The chair of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
13. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 1 – REPORTING ENTITY (CONTINUED)

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

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

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the “Individuals with Disabilities Education Act of 2004”;
4. Maintenance of an accountability system to monitor the County Council’s progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.
6. Develop and implement an interagency process to establish local indicators and monitor the County’s progress toward increasing child well-being in the county;
7. Develop and implement an interagency process to identify local priorities to increase child well-being. The local priorities shall focus on expectant parents and newborns thriving; infants and toddlers thriving; children being ready for school; children and youth succeeding in school; youth choosing healthy behaviors; and youth successfully transitioning into adulthood;
8. Develop and implement an annual plan that identifies the county’s interagency efforts to increase child well-being in the county. On an annual basis, the county council shall submit a report on the status of efforts by the county to increase child well-being in the county to the county’s board of county commissioners and the cabinet council.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 1 – Reporting Entity (Continued)

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Fund Accounting

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

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

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

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

Family-Centered Services and Supports Fund This fund receives grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

Administrative/Fiscal Agent

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

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 fiscal year 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Fund Balance

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance.

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

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 15,750	\$ 18,420	\$ 2,670
Special Revenue	129,500	74,795	(54,705)
Total	<u>\$ 145,250</u>	<u>\$ 93,215</u>	<u>\$ (52,035)</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 25,000	\$ 20,054	\$ 4,946
Special Revenue	133,496	68,688	64,808
Total	<u>\$ 158,496</u>	<u>\$ 88,742</u>	<u>\$ 69,754</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

NOTE 4 – DEPOSITS AND INVESTMENTS

The Hardin County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Hardin County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Hardin County Auditor is responsible for compliance. The carrying amount of deposits at December 31, 2019 was as follows:

	<u>2019</u>
Demand deposits	<u>\$ 198,015</u>
Total deposits	<u><u>\$ 198,015</u></u>

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

NOTE 5 – RISK MANAGEMENT

Commercial Insurance

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

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

NOTE 6– 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 any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

NOTE 7– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2019 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Council. The Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

September 21, 2021

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, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated September 21, 2021, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council. In addition, the Council has made changes to its reporting model.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) as a basis for designing 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 a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Council's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. 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, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

Financial Reporting

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

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

During 2020 and 2019, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- The Pooled Funding Fund was rolled up into the Special Revenue Fund rather than the General Fund in 2020. Receipts and disbursements for all Pooled Funding activity in 2020 was adjusted;
- An FCSS receipt was misclassified in 2019;
- Postemployment Benefits and Defined Benefit Pension Plans notes were omitted in 2019 and 2020; and
- Budgetary Notes were changed due to adjustments between the Special Revenue and General Funds.

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

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

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

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



HARDIN COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HARDIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/23/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov