



OHIO AUDITOR OF STATE
KEITH FABER



**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

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 Family and Children First Council, Athens 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 § 117.38 and Ohio Administrative Code 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.

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 § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 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 Council, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 4, 2021

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**Family and Children First Council
Athens 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, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$145,227	\$0	\$145,227
Intergovernmental - State	29,558	288,570	318,128
Intergovernmental - Federal	0	111,230	111,230
Miscellaneous	1,430	2,100	3,530
<i>Total Cash Receipts</i>	<u>176,215</u>	<u>401,900</u>	<u>578,115</u>
Cash Disbursements			
Personal Services	99,594	0	99,594
Contractual Services	23,189	305,004	328,193
Travel Reimbursements	495	0	495
Supplies and Materials	22,147	0	22,147
Services and Charges	392	0	392
Other	1,050	4,512	5,562
<i>Total Cash Disbursements</i>	<u>146,867</u>	<u>309,516</u>	<u>456,383</u>
<i>Net Change in Fund Cash Balances</i>	29,348	92,384	121,732
<i>Fund Cash Balances, January 1</i>	<u>499,484</u>	<u>147,693</u>	<u>647,177</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$528,832</u></u>	<u><u>\$240,077</u></u>	<u><u>\$768,909</u></u>

See accompanying notes to the basic financial statements

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Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

Ohio Revised Code § 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 § 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 municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code § 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.

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(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 Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Multi-System Youth Fund This fund receives grant monies restricted according to grant provisions.

Administrative/Fiscal Agent

Ohio Revised Code § 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 Athens County Children Services Board. The Council authorizes the Athens County Children Services Board, as administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Athens County Children Services Board agrees to be ultimately responsible for fulfilling the administrative obligations of the agreement.

The Council authorizes the Athens County Auditor as fiscal agent. The Athens County Auditor agrees to be ultimately responsible for fulfilling the fiscal obligations of the agreement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

A Family and Children First Council established under Ohio Revised Code § 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 Athens County Auditor as required by Ohio law.

A summary of 2020 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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 10.

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,950	\$176,215	\$52,265
Special Revenue	326,890	401,900	75,010
Total	\$450,840	\$578,115	\$127,275

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$276,841	\$146,867	\$129,974
Special Revenue	383,051	309,516	73,535
Total	<u>\$659,892</u>	<u>\$456,383</u>	<u>\$203,509</u>

Note 4 – Deposits and Investments

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

Demand Deposits	2020
	\$768,909

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

Note 5 – Risk Management

The Council is insured for general liability and casualty through Athens County.

Note 6 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2020.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

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

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 9 – 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. The impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 10– 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:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Outstanding Encumbrances	0	0	0
Total	\$0	\$0	\$0

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.

**Family and Children First Council
Athens 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, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - Local	\$281,655	\$0	\$281,655
Intergovernmental - State	15,750	108,167	123,917
Intergovernmental - Federal	0	84,374	84,374
<i>Total Cash Receipts</i>	<u>297,405</u>	<u>192,541</u>	<u>489,946</u>
Cash Disbursements			
Personal Services	86,779	0	86,779
Contractual Services	117,430	152,956	270,386
Travel Reimbursements	2,173	0	2,173
Supplies and Materials	3,119	0	3,119
Services and Charges	5,558	0	5,558
Other	428	0	428
<i>Total Cash Disbursements</i>	<u>215,487</u>	<u>152,956</u>	<u>368,443</u>
<i>Net Change in Fund Cash Balances</i>	81,918	39,585	121,503
<i>Fund Cash Balances, January 1</i>	<u>417,566</u>	<u>108,108</u>	<u>525,674</u>
Fund Cash Balances, December 31			
Restricted	0	147,693	147,693
Assigned	82,370	0	82,370
Unassigned	417,114	0	417,114
<i>Fund Cash Balances, December 31</i>	<u><u>\$499,484</u></u>	<u><u>\$147,693</u></u>	<u><u>\$647,177</u></u>

See accompanying notes to the basic financial statements

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Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Ohio Revised Code § 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 § 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 municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code § 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.

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(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 Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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 § 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 Athens County Children Services Board. The Council authorizes the Athens County Children Services Board, as administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Athens County Children Services Board agrees to be ultimately responsible for fulfilling the administrative obligations of the agreement.

The Council authorizes the Athens County Auditor as fiscal agent. The Athens County Auditor agrees to be ultimately responsible for fulfilling the fiscal obligations of the agreement.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code 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 § 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Budgetary Process

A Family and Children First Council established under Ohio Revised Code § 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 Athens County Auditor as required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

The Council records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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 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 years ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$102,124	\$297,405	\$195,281
Special Revenue	185,879	192,541	6,662
Total	\$288,003	\$489,946	\$201,943

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$225,629	\$215,487	\$10,142
Special Revenue	146,294	152,956	(6,662)
Total	\$371,923	\$368,443	\$3,480

Note 4 – Deposits and Investments

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

Demand Deposits	2019
	\$647,177

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

Note 5 – Risk Management

The Council is insured for general liability and casualty through Athens County.

Note 6 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2019, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2019.

Note 7 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

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

Family and Children First Council
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – 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. The impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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

Family and Children First Council
Athens County
P.O. Box 1046
Athens, Ohio 45701

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 for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and related notes of the Family and Children First Council, Athens County, Ohio (the Council), and have issued our report thereon dated August 4, 2021, wherein we noted the Council followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Council.

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 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 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 we must report under *Government Auditing Standards*.

Council's Response to the Finding

The Council's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Council's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 4, 2021

**FAMILY AND CHILDREN FIRST COUNCIL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
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

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C § 210 paragraphs .A14 & .A16.

In November 2019, the Council began receiving funding for a Multi-System Youth program; however, the Council recorded this activity in the General Fund. In March 2020, the Council established the Multi-Systems Youth fund to properly account for the restricted revenue stream and attempted to move the balance of the funding from the General Fund to the Multi-System Youth Fund by recording an expense in the General Fund and a receipt in the Multi-System Youth Fund thereby overstating activity in both funds. We also noted that in 2020 insurance Refunds were improperly classified. This resulted in material audit adjustments.

For the year ended December 31, 2019:

- General Fund Intergovernmental – State receipts and Unassigned Fund Cash Balances, December 31 were decreased \$71,626,
- Multi-System Youth Fund Intergovernmental – State receipts and Restricted Fund Cash Balances, December 31 were increased \$71,626.

For the year ended December 31, 2020:

- General Fund Intergovernmental – State receipts were decreased \$49,800, Contract Services were decreased \$121,426, and Fund Cash Balances, January 1 were decreased \$71,626.
- Multi-System Youth Fund Intergovernmental – State receipts were decreased \$73,726, Miscellaneous receipts were increased \$2,100, and Fund Cash Balances, January 1 were increased \$71,626.

These misstatements were caused by confusion over proper posting. As a result, these adjustments, with which the Council's management agrees, were made to the financial statements and are reflected in the accompanying financial statements and notes.

The Council should take additional care in posting transactions in order to ensure the financial statements reflect all appropriate activity.

Officials' Response: The findings listed in this Schedule are correctly stated and were errors in the Council's process. The Council's management agrees with findings and will make the necessary steps to ensure this problem will not be duplicated in the future. We will provide additional training opportunities to the fiscal team to make certain funds are properly stated on the financial reports. Additionally, the agency will reach out to the Auditor of State's Office when questions arise on the matter.

OHIO AUDITOR OF STATE KEITH FABER



ATHENS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

ATHENS 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 8/24/2021

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov