



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JEFFERSON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
JEFFERSON COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Jefferson County Family and Children First Council  
Jefferson County  
2023 Sunset Boulevard  
Steubenville, Ohio 43952

To the Council:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Family and Children First Council, Jefferson County, Ohio (the Council), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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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Efficient • Effective • Transparent

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2020 and 2019, and the respective changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Notes 8 and 9 to the 2020 and 2019 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 April 12, 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

April 12, 2021

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

STATEMENT OF NET POSITION - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|                                   | <b>Governmental<br/>Activities</b> |
|-----------------------------------|------------------------------------|
| <b>Assets:</b>                    |                                    |
| Cash with fiscal agent . . . . .  | \$ 122,075                         |
| <br><b>Net cash position:</b>     |                                    |
| Restricted for:                   |                                    |
| Social service programs . . . . . | \$ 112,502                         |
| Unrestricted . . . . .            | 9,573                              |
| Total net position . . . . .      | \$ 122,075                         |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|  | <u>Cash<br/>Disbursements</u> | <u>Program Cash<br/>Receipts<br/>Operating Grants<br/>and Contributions</u> | <u>Net (Disbursements)<br/>Receipts and<br/>Change in<br/>Net Position<br/>Governmental<br/>Activities</u> |
|--|-------------------------------|---|--|
| <b>Governmental activities:</b>                        |                               |   |  |
| General government . . . . .                           | \$ 15,684                     | \$ 21,750   | \$ 6,066   |
| Social services . . . . .                              | 735,704                       | 803,081   | 67,377   |
| <b>Total governmental activities . . . . .</b>         | <u>\$ 751,388</u>             | <u>\$ 824,831</u>   | <u>73,443</u>  |
| Change in net position . . . . .                       |                               |   | 73,443   |
| <b>Net position<br/>at beginning of year . . . . .</b> |                               |   | <u>48,632</u>  |
| <b>Net position at end of year . . . . .</b>           |                               |   | <u>\$ 122,075</u>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|                                   | <b>General</b> | <b>Help Me<br/>Grow</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|-----------------------------------|----------------|-------------------------|---|
| <b>Assets:</b>                    |                |                         |   |
| Cash with fiscal agent . . . . .  | \$ 9,573       | \$ 112,502              | \$ 122,075                              |
| <b>Fund balances:</b>             |                |                         |   |
| Restricted:                       |                |                         |   |
| Social service programs . . . . . | \$ -           | \$ 112,502              | \$ 112,502                              |
| Unassigned . . . . .              | 9,573          | -                       | 9,573                                   |
| Total fund balances . . . . .     | \$ 9,573       | \$ 112,502              | \$ 122,075                              |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|   | <u>General</u>  | <u>Help Me<br/>Grow</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-----------------|-------------------------|--|---|
| <b>Receipts:</b>  |                 |                         |  |   |
| Intergovernmental . . . . .   | \$ 21,750       | \$ 779,827              | \$ 23,254                                  | \$ 824,831                              |
| Total receipts . . . . .  | <u>21,750</u>   | <u>779,827</u>          | <u>23,254</u>                              | <u>824,831</u>                          |
| <b>Disbursements:</b>   |                 |                         |  |   |
| Contract services . . . . .   | 11,125          | 556,903                 | 15,941                                     | 583,969                                 |
| Materials and supplies . . . . .  | 959             | 49,938                  | 10,000                                     | 60,897                                  |
| Other . . . . .   | 3,600           | 3,410                   | 27,445                                     | 34,455                                  |
| Total disbursements . . . . .   | <u>15,684</u>   | <u>610,251</u>          | <u>53,386</u>                              | <u>679,321</u>                          |
| Excess (deficiency) of receipts over (under)<br>disbursements . . . . . | <u>6,066</u>    | <u>169,576</u>          | <u>(30,132)</u>                            | <u>145,510</u>                          |
| <b>Other financing sources (uses):</b>                                  |                 |                         |  |   |
| Advances in . . . . .   | -               | -                       | 16,629                                     | 16,629                                  |
| Advances (out) . . . . .  | -               | (16,629)                | -  | (16,629)                                |
| Advance out to fiscal agent . . . . .                                   | -               | (72,067)                | -  | (72,067)                                |
| Total other financing sources (uses) . . . . .                          | <u>-</u>        | <u>(88,696)</u>         | <u>16,629</u>                              | <u>(72,067)</u>                         |
| Net change in fund balances . . . . .                                   | 6,066           | 80,880                  | (13,503)                                   | 73,443                                  |
| <b>Fund balances</b>  |                 |                         |  |   |
| at beginning of year . . . . .  | <u>3,507</u>    | <u>31,622</u>           | <u>13,503</u>                              | <u>48,632</u>                           |
| Fund balances at end of year . . . . .                                  | <u>\$ 9,573</u> | <u>\$ 112,502</u>       | <u>\$ -</u>                                | <u>\$ 122,075</u>                       |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**A. Description of the Entity**

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

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 Council in the County. If the County has two or more health Councils, the Health Commissioner membership may be limited to the Commissioners of the two Councils 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 for 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 Section 3301.32;

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)**

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.

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, multidisciplinary 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.

**B. Reporting Entity**

The reporting entity of the Jefferson Family and Children First Council (the “Council”) has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government of the Council consists of all funds that are not legally separate from the Council.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)**

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's Governing Board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; or (3) the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the Council has no component units. The basic financial statements of the reporting entity include only those of the Council (the primary government).

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**

**A. Basis of Presentation**

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position - Cash Basis and a Statement of Activities - Cash Basis, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The Statement of Net Position - Cash Basis and the Statement of Activities- Cash Basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position - Cash Basis presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities - Cash Basis presents a comparison between direct disbursements and program receipts for each program or function of the Council's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts, which are not classified as program receipts, are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or function is self-financing or draws from the general receipts of the Council. The Council had no general receipts during the period ended June 30, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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

**2. Fund Financial Statements**

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**3. Fund Accounting**

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

**4. Governmental Funds**

Governmental funds are those through which most governmental functions of the Council typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

**General Fund** - The General Fund accounts for all financial resources except those required to be accounted for 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 and the by-laws of the Council.

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

Nonmajor governmental funds account for grant monies restricted for maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

**5. Measurement Focus**

The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than GAAP. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

**6. Basis of Accounting**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**B. Administrative/Fiscal Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Jefferson County Educational Service Center (the "Jefferson County ESC"). The Council authorizes the Jefferson County ESC, as fiscal agent and 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 Jefferson County ESC agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**C. Cash**

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

**D. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the Council uses.

**E. Long-Term Debt Obligations**

The Council did not have any bonds or other long-term debt obligations.

**F. Net Position**

These statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**G. Fund Balance**

The Council reports classifications of fund balance based on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council's Governing Board, which includes giving the Fiscal Agent the authority to constrain monies for intended purposes.

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

The Council applies restricted resources first when a disbursement is incurred for purposes for which restricted and unrestricted fund balance is available. The Council considers committed, assigned, and unassigned fund balances, respectively, to be spent when disbursements are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**H. 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.

**I. Interfund Balances**

On the fund financial statements, the Council reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying fund financial statements under the cash basis of accounting. Advances are eliminated in the statement of activities.



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2020, the Council has implemented GASB Statement No. 84 “*Fiduciary Activities*” and GASB Statement No. 90 “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*”.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Council will no longer be reporting agency funds. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of the Council.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Council.

**NOTE 4 - CASH WITH FISCAL AGENT**

The Council’s cash pool is maintained by the Jefferson County ESC. The Ohio Revised Code prescribes allowable deposits and investments, and the Council is responsible for meeting compliance. The Council’s carrying amount of cash on deposit at June 30, 2020 was \$122,075.

**NOTE 5 - ADVANCE TO/FROM FISCAL AGENT**

During the period ended June 30, 2020, the Council’s fiscal agent, the Jefferson County ESC, made advances to the Council for operations. These balances will be repaid by the Council to the fiscal agent in the subsequent fiscal year. During fiscal year 2020, the Council repaid advances from a prior fiscal year to the fiscal agent.

| <u>Advance to fiscal agent from:</u> | <u>Amount</u>    |
|--------------------------------------|------------------|
| Help Me Grow                         | \$ <u>72,067</u> |

**NOTE 6 - INTERFUND TRANSACTIONS**

Advances in/advances out consisted of the following at June 30, 2020 as reported on the fund statement:

| <u>Advances In</u>          | <u>Advances Out</u> | <u>Amount</u>    |
|-----------------------------|---------------------|------------------|
| Nonmajor governmental funds | Help Me Grow fund   | <u>\$ 16,629</u> |

Advances between governmental funds are eliminated on the government-wide financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 7 - RISK MANAGEMENT**

**A. Property and Liability**

The Council is covered under the Jefferson County ESC's insurance policy. Coverage is provided under this policy included general liability, employee liability, and employers' liability. There has been no significant change in coverage from last year. Settled claims have not exceeded this commercial coverage in any of the past three years.

**B. Health Insurance**

The Council's employees are covered under the Jefferson County ESC's health insurance plan. The Council pays monthly premiums to the Jefferson County ESC for employee medical benefits.

**NOTE 8 - CONTINGENCIES**

**A. Grants**

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2020.

**B. Litigation**

There are currently no matters in litigation with the Council as defendant.

**C. COVID-19**

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

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

STATEMENT OF NET POSITION - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

|                                   | <b>Governmental<br/>Activities</b> |
|-----------------------------------|------------------------------------|
| <b>Assets:</b>                    |                                    |
| Cash with fiscal agent . . . . .  | \$ 48,632                          |
| <br><b>Net cash position:</b>     |                                    |
| Restricted for:                   |                                    |
| Social service programs . . . . . | \$ 45,125                          |
| Unrestricted . . . . .            | 3,507                              |
| Total net position . . . . .      | \$ 48,632                          |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

|  | <u>Cash<br/>Disbursements</u> | <u>Program Cash<br/>Receipts<br/>Operating Grants<br/>and Contributions</u> | <u>Net (Disbursements)<br/>Receipts and<br/>Change in<br/>Net Position<br/>Governmental<br/>Activities</u> |
|--|-------------------------------|---|--|
| <b>Governmental activities:</b>                        |                               |   |  |
| General government . . . . .                           | \$ 19,447                     | \$ 20,250   | \$ 803   |
| Social services . . . . .                              | <u>539,229</u>                | <u>518,657</u>  | <u>(20,572)</u>  |
| Total governmental activities . . . . .                | <u>\$ 558,676</u>             | <u>\$ 538,907</u>   | <u>(19,769)</u>  |
| Change in net position . . . . .                       |                               |   | (19,769)   |
| <b>Net position<br/>at beginning of year . . . . .</b> |                               |   | <u>68,401</u>  |
| <b>Net position at end of year . . . . .</b>           |                               |   | <u>\$ 48,632</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

|                                  | <u>General</u>  | <u>Family<br/>Centered Services<br/>and Supports</u> | <u>Help Me<br/>Grow</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|----------------------------------|-----------------|--|-------------------------|---|
| <b>Assets:</b>                   |                 |  |                         |   |
| Cash with fiscal agent. . . . .  | \$ 3,507        | \$ 13,503  | \$ 31,622               | \$ 48,632                               |
| <b>Fund balances:</b>            |                 |  |                         |   |
| Restricted:                      |                 |  |                         |   |
| Social service programs. . . . . | \$ -            | \$ 13,503  | \$ 31,622               | \$ 45,125                               |
| Unassigned . . . . .             | 3,507           | -  | -                       | 3,507                                   |
| Total fund balances . . . . .    | <u>\$ 3,507</u> | <u>\$ 13,503</u>                                     | <u>\$ 31,622</u>        | <u>\$ 48,632</u>                        |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

|   | <b>General</b>  | <b>Family<br/>Centered Services<br/>and Supports</b> | <b>Help Me<br/>Grow</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-----------------|--|-------------------------|---|
| <b>Receipts:</b>  |                 |  |                         |   |
| Intergovernmental . . . . .   | \$ 20,250       | \$ 31,260  | \$ 464,785              | \$ 516,295                              |
| Total receipts . . . . .  | <u>20,250</u>   | <u>31,260</u>  | <u>464,785</u>          | <u>516,295</u>                          |
| <b>Disbursements:</b>   |                 |  |                         |   |
| Personal services . . . . .   | 4,122           | 1,859  | 22,304                  | 28,285                                  |
| Contract services. . . . .  | 11,325          | 9,710  | 444,455                 | 465,490                                 |
| Materials and supplies . . . . .  | -               | -  | 18,552                  | 18,552                                  |
| Other . . . . .   | 4,000           | 4,079  | 3,135                   | 11,214                                  |
| Total disbursements . . . . .   | <u>19,447</u>   | <u>15,648</u>  | <u>488,446</u>          | <u>523,541</u>                          |
| Excess (deficiency) of receipts over (under)<br>disbursements . . . . . | <u>803</u>      | <u>15,612</u>  | <u>(23,661)</u>         | <u>(7,246)</u>                          |
| <b>Other financing sources (uses):</b>                                  |                 |  |                         |   |
| Advance in from fiscal agent . . . . .                                  | -               | -  | 22,612                  | 22,612                                  |
| Advance out to fiscal agent . . . . .                                   | -               | (2,109)  | (33,026)                | (35,135)                                |
| Total other financing sources (uses) . . . . .                          | <u>-</u>        | <u>(2,109)</u>                                       | <u>(10,414)</u>         | <u>(12,523)</u>                         |
| Net change in fund balances . . . . .                                   | 803             | 13,503   | (34,075)                | (19,769)                                |
| <b>Fund balances</b>  |                 |  |                         |   |
| at beginning of year. . . . .   | <u>2,704</u>    | <u>-</u>   | <u>65,697</u>           | <u>68,401</u>                           |
| Fund balances at end of year . . . . .                                  | <u>\$ 3,507</u> | <u>\$ 13,503</u>                                     | <u>\$ 31,622</u>        | <u>\$ 48,632</u>                        |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY**

**A. Description of the Entity**

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

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 Council in the County. If the County has two or more health Councils, the Health Commissioner membership may be limited to the Commissioners of the two Councils 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 for 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 Section 3301.32;

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)**

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.

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, multidisciplinary 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.

**B. Reporting Entity**

The reporting entity of the Jefferson Family and Children First Council (the “Council”) has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government of the Council consists of all funds that are not legally separate from the Council.



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 1 - DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY - (Continued)**

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's Governing Board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; or (3) the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Council has no component units. The basic financial statements of the reporting entity include only those of the Council (the primary government).

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**

**A. Basis of Presentation**

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

The Council's Basic Financial Statements consist of government-wide statements, including a Statement of Net Position - Cash Basis and a Statement of Activities - Cash Basis, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The Statement of Net Position - Cash Basis and the Statement of Activities- Cash Basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position - Cash Basis presents the financial condition of the governmental activities of the Council at year-end. The Statement of Activities - Cash Basis presents a comparison between direct disbursements and program receipts for each program or function of the Council's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts, which are not classified as program receipts, are presented as general revenues of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or function is self-financing or draws from the general receipts of the Council. The Council had no general receipts during the period ended June 30, 2019.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

**2. Fund Financial Statements**

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The Council has no non-major funds in fiscal year 2019.

**3. Fund Accounting**

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

**4. Governmental Funds**

Governmental funds are those through which most governmental functions of the Council typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Council's major governmental funds:

**General Fund** - The General Fund accounts for all financial resources except those required to be accounted for 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 and the by-laws of the Council.

**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.

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

**5. Measurement Focus**

The Council has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than GAAP. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

**6. Basis of Accounting**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**B. Administrative/Fiscal Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Jefferson County Educational Service Center (the "Jefferson County ESC"). The Council authorizes the Jefferson County ESC, as fiscal agent and 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 Jefferson County ESC agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

**C. Cash**

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

**D. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. Acquisitions of property are not reflected as an asset under the basis of accounting the Council uses.

**E. Long-Term Debt Obligations**

The Council did not have any bonds or other long-term debt obligations.

**F. Net Position**

These statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

**G. Fund Balance**

The Council reports classifications of fund balance based on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council’s Governing Board, which includes giving the Fiscal Agent the authority to constrain monies for intended purposes.

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

The Council applies restricted resources first when a disbursement is incurred for purposes for which restricted and unrestricted fund balance is available. The Council considers committed, assigned, and unassigned fund balances, respectively, to be spent when disbursements are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**H. 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.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

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

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as a liability under the basis of accounting the Council uses.

**J. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability and net OPEB asset, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2019, the Council has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the Council.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statement of the Council.

**NOTE 4 - CASH WITH FISCAL AGENT**

The Council's cash pool is maintained by the Jefferson County ESC. The Ohio Revised Code prescribes allowable deposits and investments, and the Council is responsible for meeting compliance. The Council's carrying amount of cash on deposit at June 30, 2019 was \$48,632.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 5 - ADVANCE TO/FROM FISCAL AGENT**

During the period ended June 30, 2019, the Council’s fiscal agent, the Jefferson County ESC, made advances to the Council for operations. These balances will be repaid by the Council to the fiscal agent in the subsequent fiscal year. The Council also repaid advances from a prior fiscal year to the fiscal agent.

|                                       |                  |
|---------------------------------------|------------------|
| <u>Advance from fiscal agent to:</u>  | <u>Amount</u>    |
| Help Me Grow                          | <u>\$ 22,612</u> |
| <u>Advance to fiscal agent from:</u>  |                  |
| Family Centered Services and Supports | \$ 2,109         |
| Help Me Grow                          | <u>33,026</u>    |
| Total                                 | <u>\$ 35,135</u> |

**NOTE 6 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the Council’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Council’s obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which pensions are financed; however, the Council does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The Council non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                                | Eligible to<br>Retire after<br>August 1, 2017  |
|------------------------------|---|--|
| Full benefits                | Age 65 with 5 years of services credit; or<br>Any age with 30 years of service credit | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit   | Age 62 with 10 years of service credit; or<br>Age 60 with 25 years of service credit |

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above of below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Council is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The Council's contractually required contribution to SERS was \$3,942 through July 31, 2018. The Council stopped paying wages in July 2018 and employees are now paid through the fiscal agent and billed to the council quarterly.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Council's proportion of the net pension liability was based on the Council's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share:

|  | SERS                |
|--|---------------------|
| Proportion of the net pension liability prior measurement date   | 0.00968664%         |
| Proportion of the net pension liability current measurement date | <u>0.00070538%</u>  |
| Change in proportionate share                                    | <u>-0.00898126%</u> |
| Proportionate share of the net pension liability                 | \$ 40,398           |

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

|  |   |
|--|---|
| Wage inflation                               | 3.00%   |
| Future salary increases, including inflation | 3.50% to 18.20%   |
| COLA or ad hoc COLA                          | 2.50%, on and after April 1, 2018, COLA's for future<br>retirees will be delayed for three years following commencement |
| Investment rate of return                    | 7.50% net of investments expense, including inflation   |
| Actuarial cost method                        | Entry age normal (level percent of payroll)   |

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long Term Expected<br/>Real Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 1.00 %                       | 0.50 %  |
| US Equity              | 22.50                        | 4.75  |
| International Equity   | 22.50                        | 7.00  |
| Fixed Income           | 19.00                        | 1.50  |
| Private Equity         | 10.00                        | 8.00  |
| Real Assets            | 15.00                        | 5.00  |
| Multi-Asset Strategies | 10.00                        | 3.00  |
| Total                  | <u>100.00 %</u>              |   |

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

|   | 1% Decrease<br>(6.50%) | Current<br>Discount Rate<br>(7.50%) | 1% Increase<br>(8.50%) |
|---|------------------------|-------------------------------------|------------------------|
| Council's proportionate share<br>of the net pension liability | \$ 56,904              | \$ 40,398                           | \$ 26,559              |

**NOTE 7 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability***

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net OPEB liability represents the Council's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The Ohio Revised Code limits the Council's obligation for this liability to annually required payments. The Council cannot control benefit terms or the manner in which OPEB are financed; however, the Council does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Plan Description - School Employees Retirement System (SERS)*

Health Care Plan Description - The Council contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Council's surcharge obligation was \$1,747.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Council's contractually required contribution to SERS was \$1,893 through July 31, 2018. The Council stopped paying wages in July 2018 and employees are now paid through the fiscal agent and billed to the council quarterly.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Net OPEB Liability*

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Council's proportion of the net OPEB liability was based on the Council's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

|   | SERS                |
|---|---------------------|
| Proportion of the net OPEB liability prior measurement date         | 0.00952711%         |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.00070913%</u>  |
| Change in proportionate share                                       | <u>-0.00881798%</u> |
| Proportionate share of the net OPEB liability                       | \$ 19,673           |

*Actuarial Assumptions - SERS*

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

|  |  |
|--|--|
| Wage inflation   | 3.00%  |
| Future salary increases, including inflation   | 3.50% to 18.20%  |
| Investment rate of return  | 7.50% net of investments<br>expense, including inflation |
| Municipal bond index rate:   |  |
| Measurement date   | 3.62%  |
| Prior measurement date   | 3.56%  |
| Single equivalent interest rate, net of plan investment expense,<br>including price inflation: |  |
| Measurement date   | 3.70%  |
| Prior measurement date   | 3.63%  |
| Medical trend assumption:  |  |
| Medicare   | 5.375 to 4.75%   |
| Pre-Medicare   | 7.25 to 4.75%  |

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| Asset Class            | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|------------------------|----------------------|---|
| Cash                   | 1.00 %               | 0.50 %                                    |
| US Stocks              | 22.50                | 4.75                                      |
| Non-US Stocks          | 22.50                | 7.00                                      |
| Fixed Income           | 19.00                | 1.50                                      |
| Private Equity         | 10.00                | 8.00                                      |
| Real Assets            | 15.00                | 5.00                                      |
| Multi-Asset Strategies | 10.00                | 3.00                                      |
| Total                  | <u>100.00 %</u>      |   |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the Council's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 3.75%) and higher (8.5% decreasing to 5.75%) than the current rate.

|  | 1% Decrease<br>(2.70%) | Current<br>Discount Rate<br>(3.70%) | 1% Increase<br>(4.70%) |
|--|------------------------|-------------------------------------|------------------------|
| Council's proportionate share<br>of the net OPEB liability | \$ 23,872              | \$ 19,673                           | \$ 16,349              |

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2019

**NOTE 7 - DEFINED BENEFIT OPEB PLANS - (Continued)**

|  | 1% Decrease<br>(6.5 % decreasing<br>to 3.75 %) | Current<br>Trend Rate<br>(7.5 % decreasing<br>to 4.75 %) | 1% Increase<br>(8.5 % decreasing<br>to 5.75 %) |
|--|--|--|--|
| Council's proportionate share<br>of the net OPEB liability | \$ 15,873                                      | \$ 19,673  | \$ 24,706                                      |

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The Council is covered under the Jefferson County ESC's insurance policy. Coverage is provided under this policy included general liability, employee liability, and employers' liability. There has been no significant change in coverage from last year. Settled claims have not exceeded this commercial coverage in any of the past three years.

**B. Health Insurance**

The Council's employees are covered under the Jefferson County ESC's health insurance plan. The Council pays monthly premiums to the Jefferson County ESC for employee medical benefits.

**NOTE 9 - CONTINGENCIES**

**A. Grants**

The Council received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Council at June 30, 2019.

**B. Litigation**

There are currently no matters in litigation with the Council as defendant.

**C. 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 may impact subsequent periods of the Council. The Council's investment portfolio and the investments of the pension and other employee benefit plans in which the Council participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot be estimated.

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# 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

Jefferson County Family and Children First Council  
Jefferson County  
2023 Sunset Boulevard  
Steubenville, Ohio 43952

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 governmental activities, each major fund, and the aggregate remaining fund information of the Jefferson County Family and Children First Council, Jefferson County, (the Council) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated April 12, 2021, wherein we 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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

April 12, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**JEFFERSON COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**JEFFERSON 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 5/11/2021**

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](http://www.ohioauditor.gov)