



OHIO AUDITOR OF STATE
KEITH FABER



**LORAIN COUNTY CHILDREN AND FAMILIES COUNCIL
LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Lorain County Children and Families Council
Lorain County
226 Middle Avenue
Elyria, OH 44035

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Lorain County Children and Families Council, Lorain County, Ohio (the Council) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Council's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Lorain County Children and Families Council, Lorain County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 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

March 26, 2021

Lorain County Children and Families Council
Lorain County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - State	\$88,902	\$200,996	\$289,898
Intergovernmental - Federal	30,282	371,140	401,422
<i>Total Cash Receipts</i>	<u>119,184</u>	<u>572,136</u>	<u>691,320</u>
Cash Disbursements			
Salaries and Benefits	182,215		182,215
Contractual Services		495,687	495,687
Supplies and Materials	2,354		2,354
Professional Services		3,482	3,482
Advertising and Printing		1,200	1,200
Other Operating Expenses	1,269	5,737	7,006
<i>Total Cash Disbursements</i>	<u>185,838</u>	<u>506,106</u>	<u>691,944</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(66,654)</u>	<u>66,030</u>	<u>(624)</u>
<i>Net Change in Fund Cash Balances</i>	(66,654)	66,030	(624)
<i>Fund Cash Balances, January 1</i>	<u>88,454</u>	<u>137,844</u>	<u>226,298</u>
Fund Cash Balances, December 31:			
Restricted	21,800		21,800
Unassigned		203,874	203,874
<i>Fund Cash Balances, December 31</i>	<u><u>\$21,800</u></u>	<u><u>\$203,874</u></u>	<u><u>\$225,674</u></u>

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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting 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 District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the 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;
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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
4. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Fund Accounting

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

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

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

CFFC-Early Intervention – Help Me Grow Grant Fund The fund receives state and federal grant monies restricted for the purpose of grant provisions.

Administrative/Fiscal Agent

Ohio Revised code Section 121.37 (B)(5) (a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Lorain County Board of Commissioners as its Administrative Agent and the Lorain County Auditor as its Fiscal Agent. The Council authorizes the Lorain County Board of Commissioners as administrative agent and the Lorain County Auditor as fiscal agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that they deem necessary in order to complete the obligations set forth in the agreement. The Lorain County Board of Commissioners and the Lorain County Auditor agree to be ultimately responsible for fulfilling the administrative and fiscal obligations of the agreements, respectively.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with Lorain County Auditor as required by Ohio law.

A summary of 2019 budgetary activity appears in Note 4.

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Deposits and Investments

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

The Council did not own any investments in 2019.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

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

Lorain County Children and Families Council
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Deposits

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

	2019
Demand deposits	\$225,674
Total deposits	\$225,674

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

Note 4 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,725	\$119,184	(\$40,541)
Special Revenue	704,487	572,136	(132,351)
Total	\$864,212	\$691,320	(\$172,892)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,404	\$185,838	\$58,566
Special Revenue	680,323	506,106	174,217
Total	\$924,727	\$691,944	\$232,783

Note 5 – Loan

The Council received interest free loans from Lorain County by resolution of the Lorain County Board of Commissioners. Loan activity for the years ended December 31, 2019 follows:

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Fund Type	Beginning Balance	Additions/ Reductions	Ending Balance
General	\$27,769	\$0	\$27,769
Special Revenue	118,500	0	118,500
Total	\$146,269	\$0	\$146,269

Note 6 – Risk Management

Risk Pool Membership

The Council is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions injuries to employees, and natural disasters. The Council is covered under Lorain County’s insurance pool, which is contracted with the County Risk Sharing Authority (CORSA) for liability and property insurance. Coverage provided by CORSA is as follows:

	Limits of Coverage
General Liability	\$1,000,000
Automobile Liability	1,000,000
Errors and Omissions	1,000,000
Privacy and Security Liability	1,000,000
Excess Liability	10,000,000
Property	401,788,410
Crime	1,000,000

CORSA is a risk sharing pool made up of 66 Countries in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member countries agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials’ errors and omissions liability insurance.

Note 7 – Defined Benefit Pension Plans

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

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

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

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

Note 9 – Contingent Liabilities

The Council was not a defendant in any lawsuits at this time. Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10-Subsequent Events

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.

Lorain County Children and Families Council
Lorain County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements
And Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental - State	\$ 135,761	\$ 486,667	\$ 622,428
Intergovernmental - Federal	36,163	23,282	59,445
Miscellaneous Receipts		338	338
<i>Total Cash Receipts</i>	<u>171,924</u>	<u>510,287</u>	<u>682,211</u>
Cash Disbursements			
Salaries and Benefits	153,656		153,656
Contractual Services	32,499	450,947	483,446
Supplies and Materials	1,169	942	2,111
Client Care Services		20,380	20,380
Professional Services	4,264	3,962	8,226
Advertising and Printing	170	287	457
Other Operating Expenses	1,577	4,692	6,269
<i>Total Cash Disbursements</i>	<u>193,335</u>	<u>481,210</u>	<u>674,545</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(21,411)</u>	<u>29,077</u>	<u>7,666</u>
Other Financing Receipts (Disbursements)			
Transfers In	9,249		9,249
Transfers Out		(9,249)	(9,249)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>9,249</u>	<u>(9,249)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(12,162)	19,828	7,666
<i>Fund Cash Balances, January 1</i>	<u>100,616</u>	<u>118,016</u>	<u>218,632</u>
Fund Cash Balances, December 31:			
Restricted	88,454		88,454
Unassigned		137,844	137,844
<i>Fund Cash Balances, December 31</i>	<u><u>\$88,454</u></u>	<u><u>\$137,844</u></u>	<u><u>\$226,298</u></u>

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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the 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;
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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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4. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Fund Accounting

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Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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A summary of 2018 budgetary activity appears in Note 4.

Lorain County Children and Families Council
Lorain County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Deposits and Investments

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

The Council did not own any investments in 2018.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

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

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 3 – Deposits

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

	2018
Demand deposits	<u>\$226,298</u>
Total deposits	<u><u>\$226,298</u></u>

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

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018, follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$266,816	\$181,173	(\$85,643)
Special Revenue	561,194	510,287	(50,907)
Total	<u>\$828,010</u>	<u>\$691,460</u>	<u>(\$136,550)</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$328,896	\$193,335	\$135,561
Special Revenue	586,937	490,459	96,478
Total	<u>\$915,833</u>	<u>\$683,794</u>	<u>\$232,039</u>

Note 5 – Loan

The Council received interest free loans from Lorain County by resolution of the Lorain County Board of Commissioners. Loan activity for the years ended December 31, 2018 follows:

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Fund Type	Beginning Balance	Additions/ Reductions	Ending Balance
General	\$27,769	\$0	\$27,769
Special Revenue	118,500	0	118,500
Total	\$146,269	\$0	\$146,269

Note 6 – Risk Management

Risk Pool Membership

The Council is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions injuries to employees, and natural disasters. The Council is covered under Lorain County's insurance pool, which is contracted with the County Risk Sharing Authority (CORSA) for liability and property insurance. Coverage provided by CORSA is as follows:

	Limits of Coverage
General Liability	\$1,000,000
Automobile Liability	1,000,000
Errors and Omissions	1,000,000
Privacy and Security Liability	1,000,000
Excess Liability	5,000,000
Property	401,788,410
Crime	1,000,000

CORSA is a risk sharing pool made up of 66 Countries in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member countries agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10 percent of their gross salaries and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2018</i>	<i>10%</i>	<i>14%</i>

Lorain County Children and Families Council

Lorain County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 9 – Contingent Liabilities

The Council was not a defendant in any lawsuits at this time. Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. The grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 10 – Interfund Transactions

The CFFC-Grants special revenue fund made a transfer of \$9,249 to the General Fund to correct payments to vendors that were withdrawn from incorrect accounts.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

Lorain County Children and Families Council
Lorain County
226 Middle Avenue
Elyria, OH 44035

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Lorain County Children and Families Council, Lorain County, (the Council) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated March 26, 2021 wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Council's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Council's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

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

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

March 26, 2021



**Lorain County Children & Families
Council
Lorain County Board of
Commissioners**

226 Middle Avenue, Elyria, Ohio 44035

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Numerous material weaknesses and subsequent corrections were made to the financial statements, footnotes and accounting records by Management	Corrective action taken and finding is fully corrected	None

OHIO AUDITOR OF STATE KEITH FABER



LORAIN COUNTY CHILDREN AND FAMILIES COUNCIL

LORAIN 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 4/15/2021

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