



OHIO AUDITOR OF STATE
KEITH FABER



**LICKING COUNTY CHILDREN AND FAMILIES FIRST COUNCIL
LICKING COUNTY
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Licking County Children and Families First Council
Licking County
PO Box 5030
Newark, Ohio 43058-5030

To the Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Licking County Children and Families First Council, Licking County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

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* section of our report, the accompanying financial statements 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 June 30, 2023, and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 1 of the financial statements, the financial statements are prepared by the Council on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's 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

May 7, 2024

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Children and Families First Council
Licking 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 June 30, 2023

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$454,185	\$563,614	\$1,017,799
Local Contributions	-	35,000	35,000
Contractual Services	-	100,428	100,428
Other Grants	-	39,761	39,761
Misc. Donation	-	500	500
<i>Total Cash Receipts</i>	<u>454,185</u>	<u>739,303</u>	<u>1,193,488</u>
Cash Disbursements			
Salaries and Benefits	-	220,951	220,951
Contractual Services	490,831	389,006	879,837
Administrative	-	13,949	13,949
<i>Total Cash Disbursements</i>	<u>490,831</u>	<u>623,906</u>	<u>1,114,737</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,646)</u>	<u>115,397</u>	<u>78,751</u>
<i>Fund Cash Balances, July 1, 2022</i>	<u>414,184</u>	<u>263,797</u>	<u>677,981</u>
<i>Fund Cash Balances, June 30, 2023</i>	<u><u>\$377,538</u></u>	<u><u>\$379,194</u></u>	<u><u>\$756,732</u></u>

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

**Licking County Children and Families First Council
Licking County, Ohio**

Notes to the financial statements for the year ended June 30, 2023

Note 1 Reporting Entity/Summary of Significant Accounting Policies

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:

- a. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol 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;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. 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;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2023
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

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

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

- a. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

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; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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, the issuance of debt, or the levying of taxes. The Council has no component units.

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

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2023
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Council's financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

D. Fund Accounting

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

General Funds –The Council maintains a general fund for Pooled Funds, which are dollars dedicated to services for Licking County children. These General funds are used to account for and report the Pooled Funds. During 2023, the following grants were awarded to the Council in addition to the pooled funders' contributions:

Mental Health and Recovery for Licking/Knox Counties- Respite Grant, Ohio Department of Medicaid Multi-System Youth funds, Family-Centered Services and Support Grant, and Licking County Job and Family Services Multi-system youth funds.

Special Revenue Funds – The Special Revenue Funds are the operating funds of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund. During 2023, the following funds were awarded to the Council in addition to member contributions and donations:

State Operational Capacity Building Fund, Family-Centered Services and Support Grant; Ohio Family And Children First High Fidelity Wraparound Grant; Help Me Grow Early Intervention Grant; Early Intervention ARPA grant; Mental Health and Recovery for Licking/Knox Counties- Respite Grant; Mental Health and Recovery for Licking/Knox Counties- High Fidelity Wraparound Team Facilitator Grant; United Way of Licking County Grant; Ohio Department of Medicaid Multi-System Youth Administration Grant; Ohio Department of Medicaid Multi-System Youth funds; Ohio Department of Job and Family Services Communities of Support Grant; Licking County Board of Developmental Disabilities, Mental Health and Recovery Board and Licking County Job and Family Services Teaming Services Grant; Contractual Service Agreement with I AM Boundless

E. 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. Licking County Job and Family Services serves as the fiscal agent for the Council's funds, including but not limited to grants. The Licking County Department of Job and Family Services also serves as fiscal agent for the Council's Pooled Funds. Council funds are deposited with the Licking County Treasurer and fund expenditures and balances are reported through the Licking County Auditor.

Licking County Job and Family Services serves as administrative agent.

F. 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.

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2023
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

The Council filed an estimate of financial resources and an appropriation measure with Licking County Job and Family Services as required by Ohio law.

A summary of 2023 budgetary activity appears in Note 2.

G. Cash

The Council's fiscal agent is the custodian for the Council's cash and investments. The fiscal agent maintains a cash pool used for all of the fiscal agent's funds, including those of the Council. Deposits are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

I. Long-Term Debt Obligations

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

J. 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 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 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 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. Those committed amounts cannot be used for any other purpose unless the Council 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 Council for specific purposes but do not meet the criteria to be classified as restricted or 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, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes 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 the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Licking County Children and Families First Council
Licking County, Ohio**

**Notes to the financial statements for the year ended June 30, 2023
(Continued)**

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

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

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

Note 2 Budgetary Activity

Budgetary activity for the fiscal years ending June 30, 2023 follows:

Fund Type	2023 Budgeted vs. Actual Receipts		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$445,944	\$454,185	\$8,241
Special Revenue	\$825,105	\$739,303	\$(85,802)
Total	\$1,271,049	\$1,193,488	\$(77,561)

<u>Fund Type</u>	2023 Budgeted vs. Actual Budgetary Basis Expenditures		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$490,831	\$490,831	\$0
<u>Special Revenue</u>	\$915,226	\$915,226	\$0
<u>Total</u>	<u>\$1,406,057</u>	<u>\$1,406,057</u>	<u>\$0</u>

Note 3 Equity in Pooled Cash

The Licking County Treasurer, as fiscal agent for the Council, maintains a cash pool used by all of the Licking County funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and Licking County is responsible for compliance. The carrying amount of deposits at June 30 was as follows:

Demand deposits	<u>2023</u> <u>\$756,732</u>
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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 Retirement System

The Council participates in 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 includes a postretirement supplement toward the purchase of a healthcare plan.

**Licking County Children and Families First Council
Licking County, Ohio**

**Notes to the financial statements for the year ended June 30, 2023
(Continued)**

Note 4 Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of the participants' gross salaries. The Council has paid all contributions required through June 30, 2023.

Note 5 Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 6 Advance from Licking County Commissioners

In February 2007, the Council received a \$30,000 advance from Licking County Commissioners. The advance is to aid the Council in meeting cash flow requirements related to certain grants. Repayment is required only in the event that Council no longer needs the funds or ceases operations.

Note 7 Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$0	\$291,320	\$291,320

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

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Children and Families First Council
Licking 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 June 30, 2022

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$458,051	\$467,540	\$925,591
Local Contributions	-	35,000	35,000
Other Grants	-	47,388	47,388
Misc. Donation	-	100	100
<i>Total Cash Receipts</i>	<u>458,051</u>	<u>550,028</u>	<u>1,008,079</u>
Cash Disbursements			
Salaries and Benefits	-	180,697	180,697
Contractual Services	306,028	425,019	731,047
Administrative	-	7,704	7,704
Miscellaneous	2,142	-	2,142
<i>Total Cash Disbursements</i>	<u>308,170</u>	<u>613,420</u>	<u>921,590</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>149,881</u>	<u>(63,392)</u>	<u>86,489</u>
<i>Fund Cash Balances, July 1, 2021</i>	<u>264,303</u>	<u>327,189</u>	<u>591,492</u>
<i>Fund Cash Balances, June 30, 2022</i>	<u><u>\$414,184</u></u>	<u><u>\$263,797</u></u>	<u><u>\$677,981</u></u>

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

**Licking County Children and Families First Council
Licking County, Ohio**

Notes to the financial statements for the year ended June 30, 2022

Note 1 Reporting Entity/Summary of Significant Accounting Policies

A. Description of the Entity

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- a. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
- b. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol 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;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
- d. The Director of the County Department of Job and Family Services;
- e. 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;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
- h. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the County;
- j. The President of the Board of County Commissioners or an individual designated by the Board;
- k. A representative of the regional office of the Ohio Department of Youth Services;
- l. A representative of the County's Head Start agencies, as defined in Ohio Revised Code Section 3301.32;
- m. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
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Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2022
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

A. Description of the Entity (Continued)

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

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

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- b. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
- c. Participation in the development of a 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds, departments, and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides services including human, social, health and education to families and children.

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; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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, the issuance of debt, or the levying of taxes. The Council has no component units.

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

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2022
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Council's financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. The Council recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters the Auditor of State prescribes or permits.

D. Fund Accounting

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

General Funds –The Council maintains a general fund for Pooled Funds, which are dollars dedicated to services for Licking County children. These General funds are used to account for and report the Pooled Funds. During 2022, the following grants were awarded to the Council in addition to the pooled funders' contributions:

Mental Health and Recovery for Licking/Knox Counties- Respite Grant, Ohio Department of Medicaid Multi-System Youth funds, Family-Centered Services and Support Grant, Licking County Job and Family Services Multi-system youth funds, Licking County Board of Developmental Disabilities child specific grant.

Special Revenue Funds – The Special Revenue Funds are the operating funds of the Council. It is used to account for and report all financial resources not accounted for and reported in another fund. During 2022, the following grants were awarded to the Council in addition to member contributions and donations:

State Operational Capacity Building Fund, Family-Centered Services and Support Grant, Help Me Grow Early Intervention Grant, Mental Health and Recovery for Licking/Knox Counties- Respite Grant, Mental Health and Recovery for Licking/Knox Counties- High Fidelity Wraparound Team Facilitator Grant, United Way of Licking County, Ohio Department of Medicaid Multi-System Youth Administration Grant, Ohio Department of Medicaid Multi-System Youth funds, Ohio Department of Job and Family Services Communities of Support Grant.

E. 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. Licking County Job and Family Services serves as the fiscal agent for the Council's funds, including but not limited to grants. The Licking County Department of Job and Family Services also serves as fiscal agent for the Council's Pooled Funds. Council funds are deposited with the Licking County Treasurer and fund expenditures and balances are reported through the Licking County Auditor.

Licking County Job and Family Services serves as administrative agent.

F. 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 Licking County Job and Family Services as required by Ohio law.

A summary of 2022 budgetary activity appears in Note 2.

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2022
(Continued)

Note 1 Reporting Entity/Summary of Significant Accounting Policies (Continued)

G. Cash

The Council's fiscal agent is the custodian for the Council's cash and investments. The fiscal agent maintains a cash pool used for all of the fiscal agent's funds, including those of the Council. Deposits are made in accordance with the Ohio Revised Code and are valued at the fiscal agent's carrying amount.

H. Property, Plant and Equipment

The Council records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statements.

I. Long-Term Debt Obligations

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

J. 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 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 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 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. Those committed amounts cannot be used for any other purpose unless the Council 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 Council for specific purposes but do not meet the criteria to be classified as restricted or 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, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes 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 the overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

Licking County Children and Families First Council
Licking County, Ohio

Notes to the financial statements for the year ended June 30, 2022
(Continued)

Note 2 Budgetary Activity

Budgetary activity for the fiscal years ending June 30, 2022 follows:

Fund Type	2022 Budgeted vs. Actual Receipts		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$444,558	\$458,051	\$13,493
Special Revenue	<u>\$630,082</u>	<u>\$550,028</u>	<u>(\$80,054)</u>
Total	<u>\$1,074,640</u>	<u>\$1,008,079</u>	<u>(\$66,561)</u>

<u>Fund Type</u>	2022 Budgeted vs. Actual Budgetary Basis Expenditures		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$308,170	\$308,170	\$0
<u>Special Revenue</u>	<u>\$790,872</u>	<u>\$790,872</u>	<u>\$0</u>
<u>Total</u>	<u>\$1,099,042</u>	<u>\$1,099,042</u>	<u>\$0</u>

Note 3 Equity in Pooled Cash

The Licking County Treasurer, as fiscal agent for the Council, maintains a cash pool used by all of the Licking County funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and Licking County is responsible for compliance. The carrying amount of deposits at June 30 was as follows:

	<u>2022</u>
Demand deposits	<u>\$677,981</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 Retirement System

The Council participates in 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 2022, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of the participants' gross salaries. The Council has paid all contributions required through June 30, 2022.

Note 5 Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Licking County Children and Families First Council
Licking County, Ohio**

**Notes to the financial statements for the year ended June 30, 2022
(Continued)**

Note 6 Advance from Licking County Commissioners

In February 2007, the Council received a \$30,000 advance from Licking County Commissioners. The advance is to aid the Council in meeting cash flow requirements related to certain grants. Repayment is required only in the event that Council no longer needs the funds or ceases operations.

Note 7 Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$0	\$177,452	\$177,452

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

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
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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

Licking County Children and Families First Council
Licking County
PO Box 5030
Newark, OH 43058-5030

To the Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements of the Licking County Children and Families First Council, Licking County, (the Council), and have issued our report thereon dated May 7, 2024, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 7, 2024

OHIO AUDITOR OF STATE KEITH FABER



LICKING COUNTY CHILDREN AND FAMILIES FIRST COUNCIL

LICKING 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 5/28/2024

65 East State 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