



OHIO AUDITOR OF STATE
KEITH FABER



**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ross County Family and Children First Council
Ross County
475 Western Ave, Suite B
Chillicothe, Ohio 45601

To the Members of 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 Ross County Family and Children First Council, Ross County, Ohio (the Council) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2018 and 2017, 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 the Ross County Family and Children First Council, Ross County as of December 31, 2018 and 2017, 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 June 4, 2019, 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

June 4, 2019

ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Intergovernmental	\$77,445	\$211,764	\$289,209
Total Cash Receipts	<u>77,445</u>	<u>211,764</u>	<u>289,209</u>
<u>Cash Disbursements:</u>			
Contract Services	85,470	0	85,470
Help Me Grow	0	90,619	90,619
Family Support Services - FAST	0	35,380	35,380
Cluster Flexible Funds	0	2,334	2,334
Strong Families, Safe Communities	<u>0</u>	<u>43,540</u>	<u>43,540</u>
Total Cash Disbursements	<u>85,470</u>	<u>171,873</u>	<u>257,343</u>
Total Cash Receipts Over Cash Disbursements	(8,025)	39,891	31,866
Fund Cash Balances, January 1	<u>34,800</u>	<u>2,207</u>	<u>37,007</u>
Restricted	0	42,098	42,098
Assigned	6,721	0	6,721
Unassigned	<u>20,054</u>	<u>0</u>	<u>20,054</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$26,775</u></u>	<u><u>\$42,098</u></u>	<u><u>\$68,873</u></u>

See accompanying notes to the financial statements.

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ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

***Notes to the Financial Statements
For the Year Ended December 31, 2018***

Note 1 – Reporting Entity

Description of the Entry

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's 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 addiction, 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 and 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 pursuant to Section 5153.15 of the Revised Code;
- 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 department of education, which shall notify each board of county commissioners 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- 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";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity – (Continued)

- o. The county’s juvenile court judge senior in service;

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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. 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;
- d. 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”;
- e. Maintenance of an accountability system to monitor the county council’s progress in achieving results for families and children;
- f. 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).

Basis of Accounting

These financial statements follow the basis of accounting 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 basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies - (Continued)

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.

Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

General Fund: The General Fund is the general operating fund of the Council. It is used to account for and report 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.

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

Help Me Grow Fund – This fund receives state and federal grant monies restricted for expectant parents and newborns and their families.

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives state and federal grant monies restricted for expectant parents; and newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

Family Supportive Services/FAST 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.

Children’s Trust Fund Grant Fund – This fund receives grant funds for the purpose of child abuse negations and prevention programs.

Fiscal/Administrative 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 Ross County Auditor as the fiscal agent and South Central Ohio Job and Family Services as the administrative agent, to contract 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 Ross County Auditor and the South Central Ohio Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies - (Continued)

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 Section 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 files an estimate of resources and an appropriation measure with the Ross County Auditor as required by Ohio law. The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity appears in Note 4.

Cash

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

Property, Plant and Equipment

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

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

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

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 used only to report a deficit balance.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

**Notes to the Financial Statements
For the Year Ended December 31, 2018**

Note 2 – 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.

Note 3 – Cash and Investments

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

	<u>2018</u>
Demand Deposits	<u>\$68,873</u>

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

Note 4 – Budgetary Basis of Accounting

Budgetary activity for the period ended December 31, 2018, follows:

<u>2018 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Receipts</u>		<u>Variance</u>
	<u>Budgeted</u>	<u>Actual</u>	
General	\$85,546	\$77,445	(\$8,101)
Special Revenue	170,125	211,764	41,639
<i>Total</i>	<u>\$255,671</u>	<u>\$289,209</u>	<u>\$33,538</u>

<u>2018 Budgeted vs. Actual Budgetary Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
	General	\$92,410	
Special Revenue	184,455	171,873	12,582
<i>Total</i>	<u>\$276,865</u>	<u>\$257,343</u>	<u>\$19,522</u>

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Risk Management

The Council is covered under South Central Ohio Job and Family Service’s insurance policy for the following risks:

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

ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Intergovernmental	\$79,315	\$203,304	\$282,619
Total Cash Receipts	<u>79,315</u>	<u>203,304</u>	<u>282,619</u>
<u>Cash Disbursements:</u>			
Contract Services	86,764	0	86,764
Help Me Grow	0	129,030	129,030
Family Support Services - FAST	0	40,829	40,829
Strong Families, Safe Communities	<u>0</u>	<u>46,112</u>	<u>46,112</u>
Total Cash Disbursements	<u>86,764</u>	<u>215,971</u>	<u>302,735</u>
Total Cash Receipts Over Cash Disbursements	(7,449)	(12,667)	(20,116)
Fund Cash Balances, January 1	<u>42,249</u>	<u>14,874</u>	<u>57,123</u>
Restricted	0	2,207	2,207
Assigned	6,864	0	6,864
Unassigned	<u>27,936</u>	<u>0</u>	<u>27,936</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$34,800</u></u>	<u><u>\$2,207</u></u>	<u><u>\$37,007</u></u>

See accompanying notes to the financial statements.

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ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

***Notes to the Financial Statements
For the Year Ended December 31, 2017***

Note 1 – Reporting Entity

Description of the Entry

Section 121.37, Revised Code, created the Ohio Family and Children First Council Cabinet and permitted counties to establish county family and children and first councils. Statutory membership of a county council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty percent of the council's 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 addiction, 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 and 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 pursuant to Section 5153.15 of the Revised Code;
- 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 department of education, which shall notify each board of county commissioners 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 department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- 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";
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

**Notes to the Financial Statements
For the Year Ended December 31, 2017**

Note 1 – Reporting Entity – (Continued)

- o. The county’s juvenile court judge senior in service;

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. Make periodic reports to the cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. 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;
- d. 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”;
- e. Maintenance of an accountability system to monitor the county council’s progress in achieving results for families and children;
- f. 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).

Basis of Accounting

These financial statements follow the basis of accounting 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 basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies - (Continued)

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.

Fund Accounting

The Council uses fund accounting to segregate cash that is restricted as to use. The Council classifies its funds into the following types:

General Fund: The General Fund is the general operating fund of the Council. It is used to account for and report 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.

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Help Me Grow Fund – This fund receives state and federal grant monies restricted for expectant parents and newborns and their families.

Special Education Grant – Infants and Families (HMG-Part C) – This fund receives state and federal grant monies restricted for expectant parents; and newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

Family Supportive Services/FAST 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.

Children’s Trust Fund Grant Fund – This fund receives grant funds for the purpose of child abuse negations and prevention programs.

Fiscal/Administrative 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 Ross County Auditor as the fiscal agent and South Central Ohio Job and Family Services as the administrative agent, to contract 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 Ross County Auditor and the South Central Ohio Job and Family Services agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies - (Continued)

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 Section 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 file an estimate of resources and an appropriation measure with the Ross County Auditor as required by Ohio law. The Council follows the same encumbrance method of accounting as its administrative agent.

A summary of budgetary activity appears in Note 4.

Cash

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

Property, Plant and Equipment

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

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

Assigned: Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Board of Directors or a Board official delegated that authority by resolution, or by State Statute.

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 used only to report a deficit balance.

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY

*Notes to the Financial Statements
For the Year Ended December 31, 2017*

Note 2 – 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.

Note 3 – Cash and Investments

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

	2017
Demand Deposits	<u>\$37,007</u>

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

Note 4 – Budgetary Basis of Accounting

Budgetary activity for the period ended December 31, 2017, follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$90,837	\$79,315	(\$11,522)
Special Revenue	228,694	203,304	(25,390)
<i>Total</i>	<u>\$319,531</u>	<u>\$282,619</u>	<u>(\$36,912)</u>

2017 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,712	\$86,764	\$10,948
Special Revenue	257,619	215,971	41,648
<i>Total</i>	<u>\$355,331</u>	<u>\$302,735</u>	<u>\$52,596</u>

ROSS COUNTY FAMILY CHILDREN FIRST COUNCIL, ROSS COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – Risk Management

The Council is covered under South Central Ohio Job and Family Service’s insurance policy for the following risks:

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

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

Ross County Family and Children First Council
Ross County
475 Western Ave, Suite B
Chillicothe, Ohio 45601

To the Members of 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 Ross County Family and Children First Council, Ross County, (the Council) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 4, 2019 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

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

Council's Response to Finding

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Council's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 4, 2019

**ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Council did not properly classify fund balances in the General Fund. Unassigned fund balance was overstated and assigned fund balance was understated by \$6,864 in 2017 and by \$6,721 in 2018.

The fund balances in the accompanying financial statements have been corrected for this item by the Council.

Improper classification could lead Council to improperly spend funds that were assigned for other purposes. We recommend that the Council properly classify fund balances on the annual financial statements.

Officials' Response:

The Board currently and always has practiced sound financial reporting. The Board will discuss this issue with the compilers used to prepare the Board's financial statements to ensure that this correction is made to the compilation process, so that no similar errors are made in the preparation of future financial statements.

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OHIO AUDITOR OF STATE KEITH FABER



ROSS COUNTY FAMILY AND CHILDREN FIRST COUNCIL

ROSS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 2, 2019**