



OHIO AUDITOR OF STATE
KEITH FABER



HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Highland County Family and Children First Council
Highland County
1487 North High Street, Suite 500
Hillsboro, Ohio 45133

To the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Highland County Family and Children First Council, Highland County, Ohio (the Council).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code 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, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Council, 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.

Emphasis of Matter

As discussed in Note 7 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 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
November 17, 2021

Highland County Family and Children First Council
Highland County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$17,568	137,635	\$155,203
Charges for Services	4,600	0	4,600
Miscellaneous	0	429	429
Total Cash Receipts	22,168	138,064	160,232
Cash Disbursements:			
Contractual Services	13,965	122,817	136,782
Administration	50	0	50
Total Cash Disbursements	14,015	122,817	136,832
Excess of Cash Receipts Over (Under) Cash Disbursements	8,153	15,247	23,400
Fund Cash Balances, January 1	18,520	53,258	71,778
Fund Cash Balances, December 31			
Restricted	0	68,505	68,505
Unassigned (Deficit)	26,673	0	26,673
Fund Cash Balances, December 31	\$26,673	\$68,505	\$95,178

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

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Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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 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 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 or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent’s designee;
- 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.

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.

Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity (Continued)

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, 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”;
- 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.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Highland County Commissioners. The Council authorizes the Highland County Auditor, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Highland County Auditor and Highland County Commissioners agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 the Highland County Auditor as required by Ohio law.

A summary of 2020 budgetary activity appears in note 3.

Deposits and Investments

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

Fund Balance

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

Nonspendable – The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in note 8.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,880	\$22,168	(\$26,712)
Special Revenue	0	138,064	138,064
Total	\$48,880	\$160,232	\$111,352

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,136	\$14,015	\$64,121
Special Revenue	0	122,817	(122,817)
Total	\$78,136	\$136,832	(\$58,696)

Note 4 – Deposits and Investments

The Highland County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Highland County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Highland County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2020 was \$95,178.

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

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

Note 5 – Risk Management

The Council is covered under the Highland County insurance policy.

Note 6 – Contingent Liabilities

Grants

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.

Litigation

The Council is not currently party to legal proceedings.

Note 7 – COVID-19

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

The Council was awarded \$13,000 in CARES Act funding. The Council partnered with the Highland County General Health District to spend these funds for allowable uses.

Note 8 – Fund Balances

Included in fund balance are amounts the Council cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year-end, the Council had no nonspendable funds.

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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Highland County Family and Children First Council
Highland County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General Fund	Special Revenue Funds	Totals (Memorandum Only)
Cash Receipts:			
Intergovernmental	\$15,750	108,389	\$124,139
Charges for Services	4,200	0	4,200
Miscellaneous	0	249	249
Total Cash Receipts	19,950	108,638	128,588
Cash Disbursements:			
Contractual Services	12,072	78,452	90,524
Administration	1,094	0	1,094
Total Cash Disbursements	13,166	78,452	91,618
Total Receipts Over Disbursements	6,784	30,186	36,970
Other Financing Disbursements:			
Refund of Prior Year Receipts	0	(50,452)	(50,452)
Total Other Financing Disbursements	0	(50,452)	(50,452)
Excess of Cash Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	6,784	(20,266)	(13,482)
Fund Cash Balances, January 1	11,736	73,524	85,260
Fund Cash Balances, December 31			
Restricted	0	53,258	53,258
Unassigned	18,520	0	18,520
Fund Cash Balances, December 31	\$18,520	\$53,258	\$71,778

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

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Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

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 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 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 or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent’s designee;
- 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.

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.

Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity (Continued)

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, 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”;
- 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.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

Administrative/Fiscal Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council has selected the Highland County Commissioners. The Council authorizes the Highland County Auditor, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. The Highland County Auditor and Highland County Commissioners agree to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

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 the Highland County Auditor as required by Ohio law.

A summary of 2019 budgetary activity appears in note 3.

Deposits and Investments

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

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.

Highland County Family and Children First Council
Highland County

Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,764	\$19,950	(\$12,814)
Special Revenue	0	108,638	108,638
Total	\$32,764	\$128,588	\$95,824

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$49,322	\$13,166	\$36,156
Special Revenue	0	128,904	(128,904)
Total	\$49,322	\$142,070	(\$92,748)

Note 4 – Deposits and Investments

The Highland County Auditor, as fiscal agent for the Council, maintains a cash and investments pool used by all of Highland County Auditor’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Highland County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2019 was \$71,778.

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

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

Note 5 – Risk Management

The Council is covered under the Highland County insurance policy.

Note 6 – Contingent Liabilities

Grants

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.

Litigation

The Council is not currently party to legal proceedings.

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OHIO AUDITOR OF STATE KEITH FABER



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SouthwestRegion@ohioauditor.gov

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

Highland County Family and Children First Council
Highland County
1487 North High Street, Suite 500
Hillsboro, Ohio 45133

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Highland County Family and Children First Council, Highland County, (the Council) and have issued our report thereon dated November 17, 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. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Compliance and Other Matters

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

Council's Response to Findings

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

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
November 17, 2021

**HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

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 cash fund balances for the Council's Special Revenue Funds that were presented, were not in agreement with the fund balances recorded in the County's accounting system. During 2019, the Council made a change in the funds in which they were recording Council financial activity. Prior to November 2019, the Council used the DD-Help Me Grow fund to record financial activity and after November 2019, the Council used the FCFC-Help Me Grow fund to record financial activity. This change was not reflected on the 2019 or 2020 annual financial statements. The net effect of this change was the Special Revenue Fund balances were understated by \$4,846 in 2019 and overstated by \$14,235 in 2020. Individual issues are also presented below.

Due to deficiencies in the Council's financial statement monitoring and review process, the following conditions were noted related to the Council's accounting system:

- In 2019, receipts totaling \$66,986 were not properly reported from the FCFC-Help Me Grow fund.
- In 2019, receipts totaling \$26,991 were incorrectly reported from the DD-Help Me Grow fund.
- In 2019, expenditures totaling \$26,991 were not properly reported from the FCFC-Help Me Grow fund.
- In 2019, expenditures totaling \$42,294 were incorrectly reported from the DD-Help Me Grow fund.
- In 2020, receipts totaling \$17,568 were properly recorded in the General Fund, but were improperly reported in the DD-Help Me Grow fund.
- In 2020, receipts totaling \$100,526 were not properly reported from the FCFC-Help Me Grow fund.
- In 2020, receipts totaling \$102,026 incorrectly reported from the DD-Help Me Grow fund.
- In 2020, expenditures totaling \$102,026 were not properly reported from the FCFC-Help Me Grow fund.
- In 2020, expenditures totaling \$102,013 were incorrectly reported from the DD-Help Me Grow fund.
- In 2020, \$9,900 was improperly reported as Unassigned Fund Balance instead of Restricted Fund Balance for Special Revenue Funds.

The Council corrected the financial statements and accounting records, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Council's financial statements and reduces the Council's ability to monitor financial activity and to make sound decisions which effect the overall available cash position of the Council.

**FINDING NUMBER 2020-001
(Continued)**

The Council should review and implement internal controls to ensure financial transactions are accurately recorded and reported.

Officials' Response:

Corrections have been made at the County office.

FINDING NUMBER 2020-002

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.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Council submits a Budget to the County Commissioners for approval of estimated receipts and appropriations. The Budget and subsequent amendments establish the legal spending authority of the Council and the appropriation ledger provides the process by which the Council controls spending, it is therefore necessary the estimated receipts and amounts appropriated by the Council are precisely stated and accurately posted to the receipts ledger and appropriation ledger.

The original Estimated Receipts and amendments establish the amounts available for expenditures for the Council and the receipts ledger provides the process by which the Council controls what is available. It is therefore necessary the receipts estimated within the adopted Budget are posted accurately to the receipts ledger.

The Council did not have procedures in place to submit a Budget to the County Commissioners for the FCFC-Help Me Grow fund and accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Estimated Receipts (and/or amendments thereof) was not posted to the accounting system.

This resulted in the following:

- There were no appropriations nor Estimated Revenues approved for the FCFC-Help Me Grow fund in 2019 or 2020 contrary to bylaws.
- 2019 General Fund Appropriations were understated in the budgetary footnote by \$33,130.
- 2019 Special Revenue Fund Receipts were understated in the budgetary footnote by \$39,995.
- 2019 General Estimated Receipts were understated in the budgetary footnote by \$12,814.
- 2019 Special Revenue Estimated Receipts were overstated in the budgetary footnote by \$68,643.
- 2019 Special Revenue Actual Disbursements were understated in the budgetary footnote by \$35,149.

FINDING NUMBER 2020-002
(Continued)

- 2020 General Fund Appropriations were understated in the budgetary footnote by \$64,121.
- 2020 General Fund Estimated Receipts were understated in the budgetary footnote by \$48,880.
- 2020 General Fund Actual Receipts were understated in the budgetary footnote by \$17,568.
- 2020 Special Revenue Actual Receipts were overstated in the budgetary footnote by \$19,068.

Failure to submit a budget and accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Council should submit a Budget to the County Commissioners for all of its funds and post to the ledgers, on a timely basis, estimated receipts and appropriations approved by the Council. The Council should then monitor budget versus actual reports to help ensure amended receipts and appropriations have been properly posted to the ledgers.

Officials' Response:

Corrections have been made at the County office.

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HIGHLAND COUNTY
Family and Children First Council
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	A 2018 Material Weakness over Financial Reporting. The Council's General (unrestricted) and Special Revenue (restricted) funds that were presented, were commingled in one fund in the County's accounting system.	Not Corrected	Reissued as Finding 2020-001

OHIO AUDITOR OF STATE KEITH FABER



HIGHLAND COUNTY FAMILY AND CHILDREN FIRST COUNCIL

HIGHLAND 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 12/7/2021

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