



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types – For the Year Ended December 31, 2020	5
Notes to the Financial Statements – For the Year Ended December 31, 2020	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - All Governmental Fund Types – For the Year Ended December 31, 2019	15
Notes to the Financial Statements – For the Year Ended December 31, 2019	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Summary Schedule of Prior Audit Findings (Prepared by Management).....	29

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry County Family and Children First Council
Perry County
212 South Main Street
P.O. Box 311
New Lexington, Ohio 43764

To the Members of the Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements 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 Perry County Family and Children First Council, Perry 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 3 to the 2019 financial statements, the Council had a correction to the beginning Special Revenue fund balance which caused a restatement to the fund balance at January 1, 2019 related to the Help Me Grow Fund being administered by the Perry County Department of Developmental Disabilities. As discussed in Notes 14 and 13 to the 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 these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 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

June 22, 2021

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PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY, OHIO

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$106,471	\$336,571	\$443,042
Local Contributions	69,687	0	69,687
<i>Total Cash Receipts</i>	<u>176,158</u>	<u>336,571</u>	<u>512,729</u>
Cash Disbursements			
Family Centered Services and Support	20,395	0	20,395
Contractual Services	98,353	0	98,353
Kinship Care Connections Services and Charges	2,329	0	2,329
Multi-System Youth Treatment Services	0	252,763	252,763
Multi-System Youth Supplies and Materials	0	19,292	19,292
Other	184	0	184
<i>Total Cash Disbursements</i>	<u>121,261</u>	<u>272,055</u>	<u>393,316</u>
<i>Net Change in Fund Cash Balances</i>	54,897	64,516	119,413
<i>Fund Cash Balances, January 1, 2020</i>	<u>43,890</u>	<u>10,800</u>	<u>54,690</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u><u>\$98,787</u></u>	<u><u>\$75,316</u></u>	<u><u>\$174,103</u></u>

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

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Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 1 – Reporting Entity

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

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addition, and Mental Health Services covers more than one County, the Director may designate a person to participate on the County's Council;
3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code § 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
11. A representative of the regional office of the Ohio Department of Youth Services;
12. A representative of the County's Head Start agencies, as defined in Ohio Revised Code §3301.32;

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

13. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of a countywide, comprehensive, coordinated, multi-disciplinary interagency system for infants and toddlers with developmental disabilities or delays and their families, as established pursuant to federal grants received and administered by the Department of Health for early intervention services under the "Individuals with Disabilities Education Act of 2004";
4. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
5. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 Funds:

Multi-System Youth Fund: In order to receive funds, an application is submitted from our FCFC Coordinator to the Ohio Department of Medicaid (ODM) for a specific youth and their needs. ODM reviews the application and upon approval then transmits the funds to the fiscal agent (Perry County Department of Job and Family Services) for the specific youth during a specified time frame.

Administrative/Fiscal Agent

Ohio Revised Code § 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 Perry County Department of Job and Family Services. The Council authorizes The Perry County Department of Job and Family Services, 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 Perry County Department of Job and Family Services agrees 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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Budgetary Process

A Family and Children First Council established under Ohio Revised Code § 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 estimates revenue and expenditures for the year and submits these estimates to The Perry County Department of Job and Family Services, and it is included in the annual budgets submitted to the Perry County Auditor. The Council and Agency approve changes made through their approval of vouchers and financial statements through the year.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

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

Accumulated Leave

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

Fund Balance

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

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

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.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

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 12.

Note 3 – Compliance

No compliance issues.

Note 4 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$196,050	\$176,158	(\$19,892)
Special Revenue	344,000	336,571	(7,429)
Total	<u>\$540,050</u>	<u>\$512,729</u>	<u>(\$27,321)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,805	\$126,441	\$1,364
Special Revenue	305,000	302,055	2,945
Total	<u>\$432,805</u>	<u>\$428,496</u>	<u>\$4,309</u>

Note 5 – Deposits and Investments

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

	2020
Demand deposits	<u>\$174,103</u>
Total deposits	<u><u>\$174,103</u></u>

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.

Note 6 – Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

Risk Pool Membership

The Council is a member of the CORSA Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Perry County's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Law Enforcement Liability
- Errors and Omissions Liability

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and investments	\$142,264,663	\$131,543,222
Actuarial liabilities	(\$47,825,390)	(\$42,482,515)

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Note 9 – Construction and Contractual Commitments

The Perry County Family and Children First Council had no potentially significant outstanding construction or other contractual commitments for the year ended December 31, 2020.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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 11 – Related Party Transactions

The Perry County Family and Children First Council had no related party transactions for the year ended December 31, 2020.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2020

Note 12 – 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 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>
Nonspendable:			
Unclaimed Monies	\$0	\$0	\$0
Outstanding Encumbrances	<u>5,180</u>	<u>30,000</u>	<u>35,180</u>
Total	<u>\$5,180</u>	<u>\$30,000</u>	<u>\$35,180</u>

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

Note 13 – Subsequent Events

The Perry County Family and Children First Council had no subsequent events for the year ended December 31, 2020.

Note 14 – 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 Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY, OHIO

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$59,761	\$10,800	\$70,561
Local Contributions	35,680	0	35,680
<i>Total Cash Receipts</i>	<u>95,441</u>	<u>10,800</u>	<u>106,241</u>
Cash Disbursements			
Family Centered Services and Support	31,388	0	31,388
Contractual Services	28,670	0	28,670
Creative Options	182	0	182
Supplies and Materials	1,150	0	1,150
Other	7,966	0	7,966
<i>Total Cash Disbursements</i>	<u>69,356</u>	<u>0</u>	<u>69,356</u>
<i>Net Change in Fund Cash Balances</i>	26,085	10,800	36,885
<i>Fund Cash Balances, January 1, 2019</i>	<u>17,805</u>	<u>0</u>	<u>17,805</u>
Fund Cash Balances, December 31			
Restricted	0	10,800	10,800
Assigned	43,890	0	43,890
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$43,890</u>	<u>\$10,800</u>	<u>\$54,690</u>

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

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Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 1 – Reporting Entity

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

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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

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Multi-System Youth Fund: In order to receive funds, an application is submitted from our FCFC Coordinator to the Ohio Department of Medicaid (ODM) for a specific youth and their needs. ODM reviews the application and upon approval then transmits the funds to the fiscal agent (Perry County Department of Job and Family Services) for the specific youth during a specified time frame.

Administrative/Fiscal Agent

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Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Budgetary Process

A Family and Children First Council established under Ohio Revised Code § 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 estimates revenue and expenditures for the year and submits these estimates to The Perry County Department of Job and Family Services, and it is included in the annual budgets submitted to the Perry County Auditor. The Council and Agency approve changes made through their approval of vouchers and financial statements through the year.

A summary of 2019 budgetary activity appears in Note 5.

Deposits and Investments

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

Accumulated Leave

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

Fund Balance

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

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

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.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

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 - Restatement of Fund Balance

The Council determined that the Help Me Grow Special Revenue Fund should not be reported on the financial statements of the Council since it is administered by the Perry County Department of Developmental Disabilities. This resulted in the following effect on fund balance as of December 31, 2018:

Special Revenue Fund Balance, December 31, 2018	\$201,810
Adjustments:	
Help Me Grow Fund	(\$201,810)
Restated Special Revenue Fund Balance, January 1, 2019	\$0

Note 4 – Compliance

No compliance issues.

Note 5 – Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,207	\$95,441	(\$11,766)
Special Revenue	0	10,800	10,800
Total	\$107,207	\$106,241	(\$966)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,815	\$77,856	\$1,959
Special Revenue	0	0	0
Total	\$79,815	\$77,856	\$1,959

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 6 – Deposits and Investments

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

	2019
Demand deposits	<u>\$54,690</u>
Total deposits	<u><u>54,690</u></u>

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.

Note 7 – Risk Management

Commercial Insurance

The Council has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Valuable papers and records; and
- Errors and omissions.

Risk Pool Membership

The Council is a member of the CORSA Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Perry County’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Law Enforcement Liability
- Errors and Omissions Liability

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

	<u>2019</u>	<u>2018</u>
Cash and investments	\$131,543,222	\$123,215,885
Actuarial liabilities	(\$42,482,515)	(\$28,613,349)

Note 8 – Defined Benefit Pension Plans

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

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

Note 9 – Postemployment Benefits

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

Note 10 – Construction and Contractual Commitments

The Perry County Family and Children First Council had no potentially significant outstanding construction or other contractual commitments for the year ended December 31, 2019.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. 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 12 – Related Party Transactions

The Perry County Family and Children First Council had no related party transactions for the year ended December 31, 2019.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2019

Note 13 – Subsequent Events

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 Council's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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*

Perry County Family and Children First Council
Perry County
212 South Main Street
P.O. Box 311
New Lexington, Ohio 43764

To the Members of the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements 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 Perry County Family and Children First Council, Perry County, Ohio (the Council), and have issued our report thereon dated June 22, 2021, wherein we noted the Council followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We noted Council had a correction to the beginning Special Revenue fund balance which caused a restatement to the fund balance at January 1, 2019 related to the Help Me Grow Fund. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Council.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 2020-001 to be a material weakness.

Efficient • Effective • Transparent

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 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 22, 2021

**PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY 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.

Furthermore, Auditor of State Bulletin 2015-007, states the notes to the financial statements, and all other components, are required to be included in the financial statements filed with the Auditor of State via the Hinkle System. The notes to the financial statements should include all pertinent information relating to the audit and be in a format that contains accurate and current information.

During the audit, we noted a receipt for the Multi-System Youth (MSY) Grant in the amount of \$10,800 reported in 2019 as Miscellaneous Revenue within the General Fund, rather than Intergovernmental Revenue within the Special Revenue Fund Type. Similarly in 2020, there was a receipt for Multi-System Youth Grant in the amount of \$10,800 reported as Miscellaneous Revenue within the General Fund, rather than Intergovernmental Revenue within the Special Revenue Fund Type.

Additionally, we noted the Council's footnotes had the following errors:

- The 2020 and 2019 budgetary notes did not agree to approved budgetary amounts and the reported budgetary expenditures excluded outstanding encumbrances.
- The 2020 Fund Balances note incorrectly reported the outstanding encumbrance amounts as \$0 and \$8,545 instead of \$5,180 and \$30,000 for the General and Special Revenue Fund, respectively.
- A restatement of fund balance note disclosure was not included in the 2019 footnotes for the elimination of the reporting of the Help Me Grow Special Revenue Fund.

As a result of the above mentioned items, audit adjustments, to which management has agreed, are reflected in the accompanying financial statements and footnotes. Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Council's financial information.

The Council should take the necessary steps to ensure that all financial information of the Council is properly presented and disclosed in the Council's basic financial statements. Additionally, the Fiscal Officer should utilize the Auditor of State website to access resources to assist in accurate completion of the notes to the financial statements.

Officials' Response: Perry County JFS as the Fiscal Agent will ensure all fiscal staff are better trained in the understanding of the requirements in reporting of the FCFC financials. We will be using the Auditor of State website to access resources as suggested. Furthermore, we will reach out if we should need any additional guidance or assistance to ensure proper reporting. Our staff did keep records and support for transparency which allowed the process of identifying the MSY funds inaccurate recording. We did correct at a local level by requesting the addition of a new revenue and appropriation line to account for and track all MSY revenue and expenditures.

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Perry County Family & 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	Misstatements in recording of loan from Perry County Commissioners and TANF and Local Grants. Additionally, footnotes included material errors in budgeted receipts and appropriation authority.	Partially Corrected	<p>These specific items were corrected.</p> <p>Reason for Reoccurrence: We received MSY funding which was a new source of funding that was an option to utilize through FCFC. At the beginning of the new program, we were not able to project how much funding and how long this program would last. We initially recorded the MSY youth receipt as miscellaneous revenue. As the program continued, we decided to request a new account lines in the FCFC fund for both revenue and appropriations to allow for easier tracking and to remain separate as the program continued. For reporting purposes, we misunderstood that we could correct this on the HINKLE filing, instead we matched what had occurred by recording it as miscellaneous even though we had the notes and support to show MSY. Our mistake on how to proceed.</p> <p>Planned Corrections: We have already agreed to the change in the financials by the Auditors. We will notate this in our records for training purposes and the next audit cycle. We understand now how to move forward with this type of recording of funds.</p>

OHIO AUDITOR OF STATE KEITH FABER



PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PERRY 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 7/6/2021

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