

STARK COUNTY FAMILY COUNCIL

STARK COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2020 - 2019





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Columbus, Ohio 43215
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(800) 282-0370

Council Members
Stark County Family and Children First Council
6057 Strip Avenue NW
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the Stark County Family and Children First Council, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2018 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark County Family and Children First Council is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 09, 2021

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Stark County Family Council
Stark County

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INDEPENDENT AUDITOR'S REPORT

Stark County Family Council
Stark County
6057 Strip Avenue NW
North Canton, Ohio 44720

To the Council Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Stark County Family Council, Stark County, Ohio (the Council) as of and for the years ended June 30, 2020 and 2019.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 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 determined, 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 June 30, 2020 and 2019, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

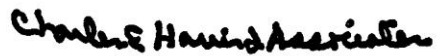
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Stark County Family Council, Stark County, as of June 30, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 8 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will 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 20, 2020, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
November 20, 2020

**STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
(REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Cash Receipts:			
Intergovernmental - Federal	\$ -	\$ 483,536	\$ 483,536
Intergovernmental - State	15,750	1,124,677	1,140,427
Intergovernmental - Local	66,900	285,844	352,744
Donations	1,000	-	1,000
Total Cash Receipts	83,650	1,894,057	1,977,707
Cash Disbursements:			
Salaries and Benefits	56,763	938,293	995,056
Purchased Services	8,269	702,501	710,770
Supplies and Materials	1,017	29,521	30,538
Other	200	30,035	30,235
Total Cash Disbursements	66,249	1,700,350	1,766,599
Net Change in Fund Cash Balances	17,401	193,707	211,108
Fund Cash Balances - July 1, 2019	151,163	218,340	369,503
Fund Cash Balances - June 30, 2020			
Restricted	-	412,047	412,047
Assigned for Encumbrances	2,973	-	2,973
Unassigned	165,591	-	165,591
Fund Cash Balances - June 30, 2020	\$ 168,564	\$ 412,047	\$ 580,611

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1 - Description of Reporting Entity

The Ohio Revised Code Section 121.37 created the Ohio Family and Children First Cabinet Council and permitted counties to establish County Family and Children First Councils. Statutory membership of a County Family and Children First Council consists of the following individuals:

- a. At least three individuals who are not employed by an agency represented on the council and whose families are or have received services from an agency represented on the council or another county's council. Where possible, the number of members representing families shall be equal to twenty per cent of the council's membership;
- b. The director of the board of alcohol, drug addiction, and mental health services that serves the county, or, in the case of a county that has a board of alcohol and drug addiction services and a community mental health board, the directors of both boards. If a board of alcohol, drug addiction, and mental health services covers more than one county, the director may designate a person to participate on the county's council;
- c. The health commissioner, or the commissioner's designee, of the board of health of each city and general health district in the county. If the county has two or more health districts, the health commissioner membership may be limited to the commissioners of the two districts with the largest populations;
- d. The director of the county department of job and family services;
- e. The executive director of the public children services agency;
- f. The superintendent of the county board of developmental disabilities or, if the superintendent serves as superintendent of 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 department of education, which shall notify each board of county commissioners of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
- n. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A county council's statutory responsibilities include the following:

- a. Referrals to the State 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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 1 - Description of Reporting Entity (continued)

- 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 Stark County Family Council (the "Council") was officially created on March 15, 1993 by proclamation of the Governor of the State of Ohio.

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Council has no component units that are presented in the financial statements.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Council's 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 Council 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 disbursements 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.

B. Fund Accounting

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

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Special Revenue Funds - These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following significant Special Revenue Funds:

WrapAround Local Fund – This fund receives local monies from various community agencies to perform multi-system service coordination.

Ohio Children's Trust Fund – This fund receives grant monies to provide services aimed at preventing child abuse and neglect.

Family-Centered Services and Supports Fund - This fund receives grant monies focused on maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

Help Me Grow Early Intervention (Part C) Fund– This fund receives federal grant money for the purpose of providing services to families with young children who have disabilities from birth to 3 years of age.

C. Budgetary Process

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October, 1997, the Council is required to file a budget with the Administrative Agent. This budget includes appropriations, estimated resources and encumbrances.

Appropriations - The Council is required by its fiscal agent to adopt annual appropriations.

Estimated Resources - The Council's estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

Encumbrances - The Council reserves (encumbers) appropriations when commitments are made, in accordance with the procedures of its fiscal agent. Encumbrances outstanding at year-end are carried over and are not re-appropriated.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the fiscal agent to the Council's funds which have been created for the purpose of accounting for Council receipts and disbursements.

A summary of the fiscal year ended June 30, 2020 budgetary activity appears in Note 4.

D. Cash and Investments

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

E. Property, Plant and Equipment

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. Accumulated Leave

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

G. Fiscal and Administrative Agent

The Stark County Educational Service Center, 6057 Strip Ave NW, North Canton, Ohio 44720, serves as the administrative and fiscal agent for the Council.

H. Fiscal Year

The Council's financial statements are prepared based on a fiscal year that commences July 1 and terminates June 30 to conform with the fiscal year of its fiscal agent and major funders.

Note 3 - Equity in Pooled Cash and Investments

Stark County Educational Service Center (the ESC), the fiscal agent for the Council, maintains a cash and investment pool used by all its funds, including the Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Council's cash at June 30, 2020 was as follows:

	<u>2020</u>
Deposits with Stark County Educational Service Center	\$580,611

The ESC is responsible for ensuring that all deposits are properly collateralized.

Note 4 - Budgetary Activity

Budgetary activity for the fiscal period ended June 30, 2020 is as follows:

<u>2020 Budgeted vs. Actual Receipts</u>			
			Over/(Under)
	Budgeted	Actual	Budget
<u>Fund Type</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$ 80,750	\$ 83,650	\$ 2,900
Special Revenue	\$ 2,002,330	\$ 1,894,057	\$ (108,273)

<u>2020 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
			Over/(Under)
		Budgetary	Budget
<u>Fund Type</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 94,750	\$ 69,222	\$ (25,528)
Special Revenue	\$ 2,024,330	\$ 2,185,796	\$ 161,466

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 5 - Defined Benefit Pension Plan

The Council's employees participate in the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare, survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Members of SERS contributed 10 percent of their gross salaries from July 1, 2019 to June 30, 2020. The Council contributed an amount equaling 14 percent of participants' gross salaries from July 1, 2019 to June 30, 2020. The Council has paid all contributions required through June 30, 2020.

Note 6 - Postemployment Benefits

SERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during fiscal year 2020.

Note 7 - Risk Management

The Council has obtained commercial insurances for the following risks:

General Liability - \$1,000,000 each occurrence; \$2,000,000 aggregate - AssuredPartners of Ohio
Umbrella Liability - \$1,000,000 each occurrence - AssuredPartners of Ohio

Settled claims have not exceeded this commercial coverage in any of the last three years. There has not been a significant reduction in this coverage from the prior year.

The Council is a member of the Stark County Schools Council of Governments which is a shared risk pool for health insurance provided to its member employees. The pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of June 30 (the latest information available):

	<u>2019</u>	<u>2018</u>
Cash and Investments	\$117,852,959	\$130,373,094
Actuarial Liabilities	25,546,000	22,345,000

Note 8 - Contingent Liabilities

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

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020
(Continued)

Note 9 – 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:

- 1. Nonspendable**
The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.
- 2. 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.
- 3. 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.
- 4. Assigned**
Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, or a Council official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.
- 5. Unassigned**
Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

**STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES
(REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Cash Receipts:			
Intergovernmental - Federal	\$ -	\$ 448,280	\$ 448,280
Intergovernmental - State	15,750	916,903	932,653
Intergovernmental - Local	117,000	167,989	284,989
Donations	1,000	-	1,000
Total Cash Receipts	<u>133,750</u>	<u>1,533,172</u>	<u>1,666,922</u>
Cash Disbursements:			
Salaries and Benefits	88,208	772,733	860,941
Purchased Services	7,447	721,989	729,436
Supplies and Materials	3,008	31,181	34,189
Other	1,614	19,911	21,525
Total Cash Disbursements	<u>100,277</u>	<u>1,545,814</u>	<u>1,646,091</u>
Net Change in Fund Cash Balances	33,473	(12,642)	20,831
Fund Cash Balances - July 1, 2018	<u>117,690</u>	<u>230,982</u>	<u>348,672</u>
Fund Cash Balances - June 30, 2019			
Restricted	-	218,340	218,340
Assigned for Encumbrances	2,936	-	2,936
Unassigned	148,227	-	148,227
Fund Cash Balances - June 30, 2019	<u>\$ 151,163</u>	<u>\$ 218,340</u>	<u>\$ 369,503</u>

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1 - Description of Reporting Entity

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- e. The executive director of the public children services agency;
- f. The superintendent of the county board of developmental disabilities or, if the superintendent serves as superintendent of 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 department of education, which shall notify each board of county commissioners of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the municipal corporation with the largest population in the county;
- j. The president of the board of county commissioners or an individual designated by the board;
- k. A representative of the regional office of the department of youth services;
- l. A representative of the county's head start agencies, as defined in section 3301.32 of the Revised Code;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
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STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019
(Continued)

Note 1 - Description of Reporting Entity (continued)

- 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.

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

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the "primary government". A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. The Council has no component units that are presented in the financial statements.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The Council's 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 Council 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 disbursements 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.

B. Fund Accounting

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

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund.

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Special Revenue Funds - These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Council has the following significant Special Revenue Funds:

WrapAround Local Fund – This fund receives local monies from various community agencies to perform multi-system service coordination.

Ohio Children's Trust Fund – This fund receives grant monies to provide services aimed at preventing child abuse and neglect.

Family-Centered Services and Supports Fund - This fund receives grant monies focused on maintaining children and youth in their homes and communities by meeting the multi-systemic needs of children receiving service coordination.

Help Me Grow Early Intervention (Part C) Fund– This fund receives federal grant money for the purpose of providing services to families with young children who have disabilities from birth to 3 years of age.

C. Budgetary Process

A Family and Children First Council established under ORC Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October, 1997, the Council is required to file a budget with the Administrative Agent. This budget includes appropriations, estimated resources and encumbrances.

Appropriations - The Council is required by its fiscal agent to adopt annual appropriations.

Estimated Resources - The Council's estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

Encumbrances - The Council reserves (encumbers) appropriations when commitments are made, in accordance with the procedures of its fiscal agent. Encumbrances outstanding at year-end are carried over and are not re-appropriated.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the fiscal agent to the Council's funds which have been created for the purpose of accounting for Council receipts and disbursements.

A summary of the fiscal year ended June 30, 2019 budgetary activity appears in Note 4.

D. Cash and Investments

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

E. Property, Plant and Equipment

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

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (continued)

F. Accumulated Leave

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

G. Fiscal and Administrative Agent

The Stark County Educational Service Center, 6057 Strip Ave NW, North Canton, Ohio 44720, serves as the administrative and fiscal agent for the Council.

H. Fiscal Year

The Council's financial statements are prepared based on a fiscal year that commences July 1 and terminates June 30 to conform with the fiscal year of its fiscal agent and major funders.

Note 3 - Equity in Pooled Cash and Investments

Stark County Educational Service Center (the ESC), the fiscal agent for the Council, maintains a cash and investment pool used by all its funds, including the Council. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of the Council's cash at June 30, 2019 was as follows:

	<u>2019</u>
Deposits with Stark County Educational Service Center	\$369,503

The ESC is responsible for ensuring that all deposits are properly collateralized.

Note 4 - Budgetary Activity

Budgetary activity for the fiscal period ended June 30, 2019 is as follows:

<u>2019 Budgeted vs. Actual Receipts</u>			
			Over/(Under)
	Budgeted	Actual	Budget
<u>Fund Type</u>	<u>Receipts</u>	<u>Receipts</u>	<u>Variance</u>
General	\$ 160,750	\$ 133,750	\$ (27,000)
Special Revenue	\$ 1,740,945	\$ 1,533,172	\$ (207,773)

<u>2019 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
			Over/(Under)
		Budgetary	Budget
<u>Fund Type</u>	<u>Appropriation</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 160,750	\$ 103,213	\$ (57,537)
Special Revenue	\$ 1,851,038	\$ 2,015,328	\$ 164,290

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019
(Continued)

Note 5 - Defined Benefit Pension Plan

The Council's employees participate in the School Employees Retirement System (SERS). SERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include post-retirement healthcare, survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Members of SERS contributed 10 percent of their gross salaries from July 1, 2018 to June 30, 2019. The Council contributed an amount equaling 14 percent of participants' gross salaries from July 1, 2018 to June 30, 2019. The Council has paid all contributions required through June 30, 2019.

Note 6 - Postemployment Benefits

SERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.5 percent during fiscal year 2019.

Note 7 - Risk Management

The Council has obtained commercial insurances for the following risks:

General Liability - \$1,000,000 each occurrence; \$2,000,000 aggregate - AssuredPartners of Ohio
Umbrella Liability - \$1,000,000 each occurrence - AssuredPartners of Ohio

Settled claims have not exceeded this commercial coverage in any of the last three years. There has not been a significant reduction in this coverage from the prior year.

The Council is a member of the Stark County Schools Council of Governments which is a shared risk pool for health insurance provided to its member employees. The pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of June 30 (the latest information available):

	<u>2018</u>	<u>2017</u>
Cash and Investments	\$130,373,094	\$114,543,278
Actuarial Liabilities	22,345,000	22,236,000

Note 8 - Contingent Liabilities

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

Note 9 - 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:

STARK COUNTY FAMILY COUNCIL
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2019
(Continued)

Note 9 – Fund Balance (continued)

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

2. **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.

3. **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.

4. **Assigned**
Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, or a Council official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Stark County Family Council
Stark County
6057 Strip Avenue NW
North Canton, Ohio 44720

To the Council Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Stark County Family Council, Stark County (the Council) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated November 20, 2020, 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 ensuing emergency measures will impact subsequent periods of the Council.

Internal Control Over Financial Reporting

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

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

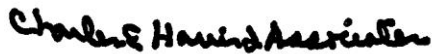
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
November 20, 2020

OHIO AUDITOR OF STATE KEITH FABER



STARK COUNTY FAMILY COUNCIL

STARK 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 1/21/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov