



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY  
JUNE 30, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

Seneca County Family and Children First Council  
Seneca County  
201 South Washington Street  
Tiffin, Ohio 44883-2690

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 by fund type, and related notes of Seneca County Family and Children First Council, Seneca 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 preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 of the financial statements, the Council prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Council does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council, as of June 30, 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 by fund type, and related notes of the Council, 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 9 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 this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 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

February 2, 2021

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**Seneca County Family and Children First Council**  
*Seneca County*  
**Combined Statement of Cash Receipts, Cash Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Fiscal Year Ended June 30, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Membership Dues	\$36,000		\$36,000
Administrative Fees	24,417		24,417
Intergovernmental	93,221	\$361,111	454,332
Donations		7,488	7,488
Miscellaneous	4,600	3,475	8,075
<i>Total Cash Receipts</i>	<u>158,238</u>	<u>372,074</u>	<u>530,312</u>
<b>Cash Disbursements</b>			
Salaries/Benefits	101,849	193,201	295,050
Purchased Services	16,503	144,652	161,155
Supplies and Materials	2,295	6,317	8,612
Other	2,588	20,698	23,286
<i>Total Cash Disbursements</i>	<u>123,235</u>	<u>364,868</u>	<u>488,103</u>
<i>Net Change in Fund Cash Balances</i>	35,003	7,206	42,209
<i>Fund Cash Balances, July 1</i>	<u>51,222</u>	<u>164,772</u>	<u>215,994</u>
<b>Fund Cash Balances, June 30:</b>			
Restricted		204,561	204,561
Assigned	46,166		46,166
Unassigned (Deficit)	40,059	(32,583)	7,476
<i>Fund Cash Balances, June 30</i>	<u>\$86,225</u>	<u>\$171,978</u>	<u>\$258,203</u>

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

# Seneca County Family and Children First Council

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30, 2020*

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## **Note 1 – Reporting Entity**

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

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 Section 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 Section 3301.32;

## Seneca County Family and Children First Council

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30, 2020*

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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.

### **Note 2 – Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

The Council's financial statement consists 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:

# Seneca County Family and Children First Council

Seneca County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2020

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**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:

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

**SMYL Fund (Seneca Mentoring Youth Links)** This fund receives grant monies used to pair local youth with mentors in order to provide a positive, stable influence in the youth's life.

**Wraparound Fund** This fund receives state and federal grant monies used for coordination of support for families with multiple needs.

## **Administrative/Fiscal Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the North Central Ohio Educational Service Center. The Council authorizes the North Central Ohio Educational Service Center, 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 North Central Ohio Educational Service Center 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

## **Budgetary Process**

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the North Central Ohio Educational Service Center as required by Ohio law.

A summary of 2020 budgetary activity appears in Note 3.

# Seneca County Family and Children First Council

Seneca County

Notes to the Financial Statement

For the Fiscal Year Ended June 30, 2020

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## ***Deposits and Investments***

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

## ***Capital Assets***

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

## ***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.

***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*. 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, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

**Seneca County Family and Children First Council**

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30, 2020*

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending June 30, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$159,112	\$158,238	(\$874)
Special Revenue	492,717	372,074	(120,643)
Total	\$651,829	\$530,312	(\$121,517)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$142,845	\$134,025	\$8,820
Special Revenue	501,516	367,443	134,073
Total	\$644,361	\$501,468	\$142,893

**Note 4 – Deposits and Investments**

The North Central Ohio Educational Service Center, as fiscal agent for the Council, maintains a cash and investments pool used by all of the North Central Ohio Educational Service Center's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the North Central Ohio Educational Service Center is responsible for compliance. The carrying amount of deposits and investments at June 30 was as follows:

Total deposits and investments	2020 \$258,203
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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 5 – Risk Management**

**Commercial Insurance**

The Council is exposed to various risks of loss related to trots; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Seneca County Commissioners, on

**Seneca County Family and Children First Council**

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30, 2020*

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behalf of County Departments including the Council contracted with County Risk Sharing Authority (CORSA) for liability insurance. Coverage provided by CORSA includes the following:

<u>Type of Coverage</u>	<u>Amount</u>
General Liability	\$ 1,000,000
Crime Coverage	1,000,000
Errors and Omissions Liability	1,000,000
Employee Dishonesty	1,000,000
Excess Liability	4,000,000

**Note 6 – Defined Benefit Pension Plan**

The Council’s employees belong to 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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, SERS 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 June 30, 2020.

**Note 7 – Postemployment Benefits**

SERS 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 SERS members was 0.5 percent for the period from July 1, 2019, through July 1, 2020.

**Note 8 – 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 9 – 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 may 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.

**Seneca County Family and Children First Council**  
*Seneca County*  
**Combined Statement of Cash Receipts, Cash Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Fiscal Year Ended June 30, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Membership Dues	\$36,000		\$36,000
Administrative Fees	28,294		28,294
Intergovernmental	26,123	\$286,338	312,461
Donations	734	7,368	8,102
Miscellaneous	6,041	28,285	34,326
<i>Total Cash Receipts</i>	<u>97,192</u>	<u>321,991</u>	<u>419,183</u>
<b>Cash Disbursements</b>			
Salaries/Benefits	97,744	170,089	267,833
Purchased Services	20,204	166,848	187,052
Supplies and Materials	850	7,691	8,541
Capital Outlay	826	668	1,494
Other	7,095	21,919	29,014
<i>Total Cash Disbursements</i>	<u>126,719</u>	<u>367,215</u>	<u>493,934</u>
<i>Net Change in Fund Cash Balances</i>	(29,527)	(45,224)	(74,751)
<i>Fund Cash Balances, July 1</i>	<u>80,749</u>	<u>209,996</u>	<u>290,745</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted		196,405	196,405
Unassigned (Deficit)	<u>51,222</u>	<u>(31,633)</u>	<u>19,589</u>
<i>Fund Cash Balances, June 30</i>	<u><u>\$51,222</u></u>	<u><u>\$164,772</u></u>	<u><u>\$215,994</u></u>

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



## Seneca County Family and Children First Council

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30 2019*

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### **Note 1 – Reporting Entity**

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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 Section 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;
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## Seneca County Family and Children First Council

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30 2019*

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

### **Note 2 – Summary of Significant Accounting Policies**

#### ***Basis of Presentation***

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

#### ***Fund Accounting***

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## Seneca County Family and Children First Council

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30 2019*

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**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:

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**SMYL Fund (Seneca Mentoring Youth Links)** This fund receives grant monies used to pair local youth with mentors in order to provide a positive, stable influence in the youth's life.

### **Administrative/Fiscal Agent**

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the North Central Ohio Educational Service Center. The Council authorizes the North Central Ohio Educational Service Center, 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 North Central Ohio Educational Service Center 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### **Budgetary Process**

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The Council filed an estimate of financial resources and an appropriation measure with the North Central Ohio Educational Service Center as required by Ohio law.

A summary of 2019 budgetary activity appears in Note 3.

# Seneca County Family and Children First Council

Seneca County

Notes to the Financial Statement

For the Fiscal Year Ended June 30 2019

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## ***Deposits and Investments***

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

## ***Capital Assets***

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## ***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.

***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*. 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, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

**Seneca County Family and Children First Council**

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30 2019*

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending June 30, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,491	\$97,192	\$4,701
Special Revenue	403,690	321,991	(81,699)
Total	\$496,181	\$419,183	(\$76,998)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$132,851	\$128,196	\$4,655
Special Revenue	436,147	372,821	63,326
Total	\$568,998	\$501,017	\$67,981

**Note 4 – Deposits and Investments**

The North Central Ohio Educational Service Center, as fiscal agent for the Council, maintains a cash and investments pool used by all of the North Central Ohio Educational Service Center’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the North Central Ohio Educational Service Center is responsible for compliance. The carrying amount of deposits and investments at June 30 was as follows:

	2019
Total deposits and investments	\$215,994

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 5 – Risk Management**

**Commercial Insurance**

The Council is exposed to various risks of loss related to trots; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Seneca County Commissioners, on

**Seneca County Family and Children First Council**

*Seneca County*

*Notes to the Financial Statement*

*For the Fiscal Year Ended June 30 2019*

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behalf of County Departments including the Council contracted with County Risk Sharing Authority (CORSA) for liability insurance. Coverage provided by CORSA includes the following:

Type of Coverage	Amount
General Liability	\$ 1,000,000
Crime Coverage	1,000,000
Errors and Omissions Liability	1,000,000
Employee Dishonesty	1,000,000
Excess Liability	4,000,000

**Note 6 – Defined Benefit Pension Plan**

The Council’s employees belong to 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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, SERS 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 June 30, 2019.

**Note 7 – Postemployment Benefits**

SERS 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 SERS members was 0.5 percent for the period from July 1, 2018, through July 1, 2019.

**Note 8 – 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 9 – 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 may 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.

**Note 10 – Miscellaneous Receipts**

Miscellaneous receipts within Special Revenue funds consist largely of fundraisers, non-governmental grants and reimbursements.

# 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

Seneca County Family and Children First Council  
Seneca County  
201 South Washington Street  
Tiffin, Ohio 44883-2690

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 by fund type of Seneca County Family and Children First Council, Seneca County, Ohio (the Council) as of and for the years June 30, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated February 2, 2021, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures 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.

***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

February 2, 2021



**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2020 AND 2019**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2020-001**

**Material Weakness**

**Financial Reporting**

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

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- Intergovernmental receipts in the amount of \$68,333 within the General fund were improperly recorded as miscellaneous receipts in fiscal year 2020.
- Intergovernmental receipts in the amount of \$167,412 and \$12,633 within Special Revenue funds were improperly recorded as miscellaneous receipts in fiscal year 2020 and 2019, respectively.
- Actual expenditures reported in the Budgetary Activity note to the financial statements did not include outstanding encumbrances of \$10,790 within the General fund for fiscal year 2020.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Council making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. In addition to the adjustments noted above, we also identified an additional misstatement in the amount of \$2,575 that we have brought to the Council's attention.

To help ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Council and its administrative / fiscal agent to help identify and correct errors and omissions.

**Officials' Response:**

We will look at where we are recording all receipts for the FCFC. We will make adjustments based on the audit comments. The financial statement will be reviewed before submitting them to the Hinkle system.

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# OHIO AUDITOR OF STATE KEITH FABER



**SENECA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**SENECA 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 2/16/2021**

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](http://www.ohioauditor.gov)