

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

SUMMIT COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2020 and 2019





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Executive Council
Summit County Family and Children First Council
1867 West Market Street
Akron, Ohio 44313

We have reviewed the *Independent Auditor's Report* of the Summit County Family and Children First Council, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 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 Summit County Family and Children First Council is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 07, 2021

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SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SUMMIT COUNTY
Regular Audit
For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Summit Family and Children First Council
Summit County
1867 West Market Street
Akron, OH 44313

To the Executive Council:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Family and Children First Council, Summit County, Ohio (the Council) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents. .

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 have obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Family and Children First Council, Summit County, Ohio, as of December 31, 2020 and 2019, and the respective changes in modified cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis


We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinions regarding this matter.

Emphasis of Matters

As discussed in Note 9 to the 2020 and 2019 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 opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 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.



Charles E. Harris & Associates, Inc.
April 15, 2021

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF NET POSITION-MODIFIED CASH BASIS
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash, Cash Equivalents	\$ 1,094,375
<u>Liabilities</u>	
Fiscal Agent Payable	19,485
<u>Net Position</u>	
Restricted for:	
Other Purposes	1,067,148
Unassigned	7,742
Total Net Position	\$ 1,074,891

See accompanying notes to the basic financial statements

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BALANCE SHEET-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General Fund	Shared Pool	FCSS	SCCS MSY	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>						
Equity in Pooled Cash, Cash Equivalents	\$ 27,227	\$ 899,129	\$ -	\$ 119,558	\$ 48,461	\$ 1,094,375
<u>Liabilities</u>						
Fiscal Agent Payable	\$ -	\$ -	\$ 19,485	\$ -	\$ -	\$ 19,485
<u>Fund Balances</u>						
Restricted	-	899,129	-	119,558	48,461	1,067,148
Unassigned	27,227	-	(19,485)	-	-	7,742
<i>Total Fund Balances</i>	<u>27,227</u>	<u>899,129</u>	<u>(19,485)</u>	<u>119,558</u>	<u>48,461</u>	<u>1,074,891</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 27,227</u>	<u>\$ 899,129</u>	<u>\$ -</u>	<u>\$ 119,558</u>	<u>\$ 48,461</u>	<u>\$ 1,094,375</u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>General Fund</u>	<u>Shared Pool</u>	<u>FCSS</u>	<u>SCCS MSY</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Receipts</u>						
Intergovernmental	\$ 17,568	\$ 1,326,848	\$ 117,100	\$ 119,558	\$ 71,316	\$ 1,652,390
<i>Total Receipts</i>	<u>17,568</u>	<u>1,326,848</u>	<u>117,100</u>	<u>119,558</u>	<u>71,316</u>	<u>1,652,390</u>
<u>Disbursements</u>						
Public Health Services	3,943	856,705	126,628	-	93,578	1,080,854
<i>Total Disbursements</i>	<u>3,943</u>	<u>856,705</u>	<u>126,628</u>	<u>-</u>	<u>93,578</u>	<u>1,080,854</u>
Net Change in Fund Balance	13,625	470,143	(9,528)	119,558	(22,262)	571,536
Fund Balance Beginning of Year	<u>13,603</u>	<u>428,986</u>	<u>(9,957)</u>	<u>-</u>	<u>70,723</u>	<u>503,355</u>
Fund Balance End of Year	<u>\$ 27,228</u>	<u>\$ 899,129</u>	<u>\$ (19,485)</u>	<u>\$ 119,558</u>	<u>\$ 48,461</u>	<u>\$ 1,074,891</u>

See accompanying notes to the basic financial statements

Summit County Family and Children First Council

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

Note 1 – Reporting Entity

The 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 a county Family and Children Executive 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;

Summit County Family and Children First Council

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

Note 1 – Reporting Entity *(continued)*

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 Summit County Family and Children First Council (Council) also participates with a standing committee referred to as the Cluster for Youth (SCY). The Council cooperates with other state and local agencies for the common purpose to provide youth serving agencies in Summit County with the capacity to jointly resolve problems associated with the delivery of services to youth who exhibit more than one emotional, physical, or developmental difficulty and thus require the services of more than one system.

The SCY executive committee consists of the Chief Executive Officers of the funding agencies, which are Summit County Children Services Board, Summit County Juvenile Court, County of Summit Board of Developmental Disabilities, and County of Summit Alcohol, Drug Addiction and Mental Health Services. Each member has one vote and a consensus is to be sought on all issues. The funding agencies retain responsibility of the cluster fund with oversight by the Family and Children First Executive Council.

Summit County Family and Children First Council

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

Note 1 – Reporting Entity *(continued)*

On an annual basis, each of the four funding agencies signs an agreement with the Council to pay an amount to fund the Special Revenue Shared Pool Fund. In addition, each funding agency agrees to pay other costs as approved by the SCY Executive Council on a child-by-child basis. The child cost agreements are signed by the head of the respective agency and the Director of the Council.

A reporting entity is comprised of a primary government, component unit and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Council consists of funds that are not legally separate from the Council. For the Summit County Family and Children First Council, this includes the General Fund, Shared Pool Fund, FCSS Fund, SCCS MSY Fund and other non-major funds that are directly operated by the Council.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the component unit's board and 1) the Council is able to significantly influence programs or services performed or provided by the organization; or 2) the Council is legally entitled to or can otherwise access the organizations resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. The Council has no component units.

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

These financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Council's accounting policies.

Basis of Presentation

The Council's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

The statement of net position presents the cash balance of the governmental activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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. All of the Council's funds are considered governmental.

Governmental Funds

Governmental funds are those through which all of the governmental functions of the Council are financed. The following are the Council's major governmental fund types:

General Fund The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Shared Pool Fund This fund receives local monies from members of the Cluster for the purpose of providing coordinated services and financial support in addressing the clinical needs of troubled youth.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

FCSS Fund This fund receives grant monies to increase access to behavioral health services for the multiple needs of children and youth.

SCCS MSY Fund This fund receives grant monies to assist in the prevention of custody relinquishment of multi-system involved youth by assisting youth and families access to needed services.

Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as 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. Enabling legislation authorizes the Council to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Council can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council or a Council official delegated that authority by Charter or by State Statute.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Basis of Accounting

The Council's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

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. The Council is required by the Ohio Revised Code to file an annual budget with its administrative agent, the Summit County Fiscal Officer, and the County of Summit Council. The Council estimates receipts and disbursements for the year and submits these estimates to each of the required parties as well as any changes made to these estimates during the year. The Ohio Revised Code does not require the Council to adopt itemized budgets for governmental activities thus no budgetary statements are presented as part of the basic financial statements.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the County Fiscal Officer to the Agency Funds of the Summit County Treasury which have been created for the purpose of accounting for Council receipts and disbursements.

Cash and Investments

The Summit County Fiscal Officer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash and investments, which are reported at the County Fiscal Officer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Christina Balliet, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, (330) 643-2674.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

Restricted Assets

Assets are reported as restricted when limitations imposed on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District, Ohio Department of Health or other grantors and are therefore not reported as capital assets of the Council.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Council recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Council's modified cash basis financial statements do not report liabilities for long-term obligations.

Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for federal, state and local grants.

The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Fiscal and Administrative Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Summit County Combined General Health District. The Council authorizes the Summit County Combined General Health District, 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 Summit County Combined General Health District agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

Fiscal Year

The Council's financial statements are prepared based on a fiscal year that commences January 1 and terminates December 31 to conform to the fiscal year of its administrative agent.

Note 3 –Fiscal Agent Payable

State and federal grants maintained by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council's financial statements reflect a December 31 year end. As a result, the Council's financial statements may reflect a negative fund balance due to the timing of reimbursement of state and federal grants. All negative balances are covered by the Summit County Fiscal Officer until revenues are received and are presented as Fiscal Agent Payable.

Note 4 - Risk Management

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Summit County Family and Children First Council

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

Note 4 - Risk Management *(continued)*

The Council is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Council’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 5 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Summit County Family and Children First Council

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

Note 5 - Defined Benefit Pension Plans *(continued)*

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Summit County Family and Children First Council

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

Note 5 - Defined Benefit Pension Plans *(continued)*

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2020 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

- * This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- ** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- *** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- **** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council’s contractually required contribution was \$28,489 for the year 2020.

Summit County Family and Children First Council

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

Note 6 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the OPERS Board of Trustees, a portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020 OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Summit County Family and Children First Council

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

Note 6 – Postemployment Benefits *(continued)*

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council’s contractually required contribution was \$0 for the year 2020.

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Shared Pool	FCSS	SCCS MSY	Other Governmental Funds	Total
Restricted:						
Public Health Services	\$ -	\$ 899,128	\$ -	\$ 119,558	\$ 48,461	\$ 1,067,147
Total Restricted	\$ -	\$ 899,128	\$ -	\$ 119,558	\$ 48,461	\$ 1,067,147
Unassigned	\$ 27,229	\$ -	\$ (19,485)	\$ -	\$ -	\$ 7,744
Total Fund Balances	\$ 27,229	\$ 899,128	\$ (19,485)	\$ 119,558	\$ 48,461	\$ 1,074,891

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 will impact subsequent periods of the Council. The impact on the Council’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF NET POSITION-MODIFIED CASH BASIS
DECEMBER 31, 2019

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash, Cash Equivalents	<u>\$ 529,559</u>
<u>Liabilities</u>	
Fiscal Agent Payable	<u>26,204</u>
<u>Net Position</u>	
Restricted for:	
Other Purposes	515,956
Unassigned	<u>(12,601)</u>
Total Net Position	<u><u>\$ 503,355</u></u>

See accompanying notes to the basic financial statements

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

BALANCE SHEET-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	General Fund	Shared Pool (Cluster)	System of Care (FCSS)	CCBH	Home Choice	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>							
Equity in Pooled Cash, Cash Equivalents	\$ 13,603	\$ 428,986	\$ -	\$ -	\$ 61,976	\$ 24,994	\$ 529,559
<u>Liabilities</u>							
Fiscal Agent Payable	\$ -	\$ -	\$ 9,957	\$ 16,247	\$ -	\$ -	\$ 26,204
<u>Fund Balances</u>							
Restricted	-	428,986	-	-	61,976	24,994	515,956
Unassigned	13,603	-	(9,957)	(16,247)	-	-	(12,601)
<i>Total Fund Balances</i>	13,603	428,986	(9,957)	(16,247)	61,976	24,994	503,355
<i>Total Liabilities and Fund Balances</i>	\$ 13,603	\$ 428,986	\$ -	\$ -	\$ 61,976	\$ 24,994	\$ 529,559

See accompanying notes to the basic financial statements

SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES-MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	General Fund	Shared Pool (Cluster)	System of Care (FCSS)	Home Choice	CCBH	Other Governmental Funds	Total Governmental Funds
<u>Receipts</u>							
Intergovernmental	\$ 15,750	\$ 606,422	\$ 148,943	\$ 45,860	\$ 49,146	\$ 77,318	\$ 943,439
<i>Total Receipts</i>	<u>15,750</u>	<u>606,422</u>	<u>148,943</u>	<u>45,860</u>	<u>49,146</u>	<u>77,318</u>	<u>943,439</u>
<u>Disbursements</u>							
Public health services	23,645	460,570	140,757	90,512	65,393	74,636	855,513
<i>Total Disbursements</i>	<u>23,645</u>	<u>460,570</u>	<u>140,757</u>	<u>90,512</u>	<u>65,393</u>	<u>74,636</u>	<u>855,513</u>
Net Change in Fund Balance	(7,895)	145,852	8,186	(44,652)	(16,247)	2,682	87,926
Fund Balance Beginning of Year	21,498	283,134	(18,143)	106,628	-	22,312	415,429
Fund Balance End of Year	<u>\$ 13,603</u>	<u>\$ 428,986</u>	<u>\$ (9,957)</u>	<u>\$ 61,976</u>	<u>\$ (16,247)</u>	<u>\$ 24,994</u>	<u>\$ 503,355</u>

See accompanying notes to the basic financial statements

Summit County Family and Children First Council

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

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 executive council consists of the following individuals:

- a. 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;
- b. The health commissioner of the board of health of each city or general health district in the county, or their designees;
- c. The director of the county department of job and family services;
- d. The executive director of the county agency responsible for the administration of children services pursuant to Ohio revised Code Section 5153.15;
- e. The superintendent of the county board of developmental disabilities;
- f. The county's juvenile court judge senior in service;
- 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 county of its determination at least biennially;
- h. A school superintendent representing all other school districts with territory in the county, as designated at a biennial meeting of the superintendents of those districts;
- i. A representative of the largest city in the county;
- j. The chair of the board of county council, 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 Ohio Revised Code Section 3301.31;
- m. A representative of the county's early intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals With Disabilities Education Act of 2004";
- n. A representative of a local nonprofit entity that funds, advocates or provides services to children and families; and
- o. At least three individuals representing the interests of the families of the county. Where possible, the number of members representing families shall be equal to twenty percent of the council's remaining membership.

In addition, a county family and children first council may invite any other local public or private agency or group that funds, advocates, or provides services to children to have a representative become a permanent or temporary member of the council.

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

- a. Refer to the State cabinet council those children for whom the council cannot provide adequate services;
- b. Make periodic reports to the State cabinet council regarding the number of children referred to the county council and the progress made in meeting the needs of each child;
- c. Develop a plan that reviews and adjusts existing programs, fills service gaps where possible, or invents new approaches to achieve better results for families and children;

Summit County Family and Children First Council

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

Note 1 – Description of Reporting Entity *(continued)*

- d. Participate in development of a county-wide, comprehensive, coordinated, multidisciplinary, 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 the early intervention services under the “Individuals With Disabilities Education Act of 2004”;
- e. Maintain an accountability system to monitor the council’s progress in achieving its purposes; and
- f. Establish a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the county system.

The Summit County Family and Children First Council (Council) also participates with a standing committee referred to as the Cluster for Youth (SCY). The Council cooperates with other state and local agencies for the common purpose to provide youth serving agencies in Summit County with the capacity to jointly resolve problems associated with the delivery of services to youth who exhibit more than one emotional, physical, or developmental difficulty and thus require the services of more than one system.

The SCY executive committee consists of the Chief Executive Officers of the funding agencies which are Summit County Children Services Board, Summit County Juvenile Court, County of Summit Board of Developmental Disabilities, and County of Summit Alcohol, Drug Addiction and Mental Health Services. Each member has one vote and a consensus is to be sought on all issues. The funding agencies retain responsibility of the cluster fund with oversight by the Family and Children First Executive Council.

On an annual basis, each of the four funding agencies signs an agreement with the Council to pay an amount to fund the Special Revenue Cluster Fund. In addition, each funding agency agrees to pay other costs as approved by the SCY Executive Council on a child-by-child basis. The child cost agreements are signed by the head of the respective agency and the Director of the Council.

A reporting entity is comprised of a primary government, component unit and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Council consists of funds that are not legally separate from the Council. For the Summit County Family and Children First Council, this includes the General Fund, Shared Pool (Cluster) Fund, System of Care (FCSS) Fund, CCBH421 Fund, Home Choice Fund, FCFC Local Fund and other non-major funds that are directly operated by the Council.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the component unit’s board and 1) the Council is able to significantly influence programs or services performed or provided by the organization; or 2) the Council is legally entitled to or can otherwise access the organizations resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. The Council has no component units.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Council's accounting policies.

A. Basis of Presentation

The Council's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Council as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the Council that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Council has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the Council at year end. The statement of activities compares disbursements and program receipts for each program or function of the Council's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Council is responsible.

Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program.

Receipts which are not classified as program receipts are presented as general receipts of the Council, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the general receipts of the Council.

Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

B. 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. All of the Council's funds are considered governmental.

Governmental Funds

Governmental funds are those through which all of the governmental functions of the Council are financed. The following are the Council's major governmental fund types:

General Fund - The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Council for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Shared Pool (Cluster) Fund - This fund receives local monies from members of the Cluster for the purpose of providing coordinated services and financial support in addressing the clinical needs of troubled youth.

System of Care (FCSS) Fund - This fund receives grant monies to increase access to behavioral health services for the multiple needs of children and youth.

Home Choice Fund - This fund receives federal monies to assist individuals to transition from institutional to home settings.

CCBH Fund - This fund receives federal monies to assist children and youth who have intensive behavioral health needs.

C. Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted: Fund balance is reported as 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. Enabling legislation authorizes the Council to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Council can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Council. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Council or a Council official delegated that authority by Charter, or by State Statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

D. Basis of Accounting

The Council's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Council's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Council are described in the appropriate section in this note.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

E. 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. The Council is required by the Ohio Revised Code to file an annual budget with its administrative agent, the Summit County Fiscal Officer, and the County of Summit Council. The Council estimates receipts and disbursements for the year and submits these estimates to each of the required parties as well as any changes made to these estimates during the year. The Ohio Revised Code does not require the Council to adopt itemized budgets for governmental activities thus no budgetary statements are presented as part of the basic financial statements.

All monies (grants, contracts, fees and other receipts) paid to the Council are deposited by the County Fiscal Officer to the Agency Funds of the Summit County Treasury which have been created for the purpose of accounting for Council receipts and disbursements.

F. Cash and Investments

The Summit County Fiscal Officer is the custodian for the Council's cash and investments. The County's cash and investment pool holds the Council's cash and investments, which are reported at the County Fiscal Officer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County by contacting Christina Balliet, Deputy Fiscal Officer of Finance, County of Summit, 175 South Main Street, 44308-1306, (330) 643-2674.

G. Restricted Assets

Assets are reported as restricted when limitations imposed on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

H. Inventory and Prepaid Items

The Council reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

I. Capital Assets

Capital and infrastructure assets utilized by the Council are considered property of the Summit County Health District, Ohio Department of Health or other grantors and are therefore not reported as capital assets of the Council.

Summit County Family and Children First Council

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

Note 2 - Summary of Significant Accounting Policies *(continued)*

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Council's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Council recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Council's modified cash basis financial statements do not report liabilities for long-term obligations.

M. Net Position

Net Position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for federal, state and local grants.

The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

O. Fiscal and Administrative Agent

Ohio Revised Code Section 121.37(B)(5)(a) requires the Council to select an administrative agent to provide fiscal and administrative services to the Council. The Council selected the Summit County Health District. The Council authorizes the Summit County Health District, 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 Summit County Health District agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

P. Fiscal Year

The Council's financial statements are prepared based on a fiscal year that commences January 1 and terminates December 31 to conform to the fiscal year of its administrative agent.

Summit County Family and Children First Council

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

Note 3 –Fiscal Agent Payable

State and federal grants maintained by the Council are on a fiscal year that commences July 1 and ends June 30, while the Council’s financial statements reflect a December 31 year end. As a result, the Council’s financial statements may reflect a negative fund balance due to the timing of reimbursement of state and federal grants. All negative balances are covered by the Summit County Fiscal Officer until revenues are received and are presented as Fiscal Agent Payable.

Note 4 - Risk Management

The Council is exposed to various risks of property and casualty losses, and injuries to employees.

The Council insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Council is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Council’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 5 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Council employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Summit County Family and Children First Council

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

Note 5 - Defined Benefit Pension Plan *(continued)*

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Summit County Family and Children First Council

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

Note 5 - Defined Benefit Pension Plans *(continued)*

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council’s contractually required contribution was \$27,528 for year 2019.

Note 6 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Summit County Family and Children First Council

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

Note 6 – Postemployment Benefits *(continued)*

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was unchanged at 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Council's contractually required contribution was \$0 for the year 2019.

Summit County Family and Children First Council

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

Note 7 – Contingent Liabilities

Amounts grantor agencies pay to the Council are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Shared Pool (Cluster)</u>	<u>System of Care (FCSS)</u>	<u>CCBH</u>	<u>Home Choice</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<u>Restricted:</u>							
Public Health Services	\$0	\$428,986	\$0	\$0	\$61,976	\$25,468	\$516,430
Total Restricted	0	428,986	0	0	61,976	25,468	516,430
Unassigned	13,130	0	(9,957)	(16,247)	0	0	(13,074)
Total Fund Balances	\$13,130	\$428,986	(\$9,957)	(\$16,247)	\$61,976	\$25,468	\$503,356

Note 9 – Subsequent Events

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. The Council investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. 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.

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

Summit County Family and Children First Council
Summit County
1867 Market Street
Akron, Ohio 44322

To the Executive 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 modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Summit County Family and Children First Council, Summit County, (the Council) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated April 15, 2020. We noted the financial impact of COVID-19 and the ensuing emergency measures will 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

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 & Associates, Inc.
April 15, 2021

OHIO AUDITOR OF STATE KEITH FABER



SUMMIT COUNTY FAMILY AND CHILDREN FIRST COUNCIL

SUMMIT 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 6/17/2021

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