



OHIO AUDITOR OF STATE  
**KEITH FABER**





HURON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Fiscal Year Ended June 30, 2021 .....	5
Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021 .....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Fiscal Year Ended June 30, 2020 .....	12
Notes to the Financial Statements For the Fiscal Year Ended June 30, 2020 .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	22

**This page intentionally left blank.**



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Huron County Family and Children First Council  
Huron County  
185 Shady Lane Drive  
Norwalk, Ohio 44857

To the Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended June 30, 2021 and for each governmental fund type as of and for the year ended June 30, 2020, and related notes of Huron County Family and Children First Council, Huron County, Ohio (the Council).

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) 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(C), 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(C) 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, 2021 and 2020, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended June 30, 2021 and for each governmental fund type as of and for the year ended June 30, 2020, and related notes of the Council, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 10 to the 2021 financial statements and in Note 9 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2022, 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

May 26, 2022

**This page intentionally left blank.**



**Huron County Family and Children First Council**

*Huron County*

*Combined Statement of Receipts, Disbursements,  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Fiscal Year Ended June 30, 2021*

---

---

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>			
Intergovernmental	\$263,824	\$613,217	\$877,041
Local Contributions	8,000		8,000
Miscellaneous	2,450		2,450
<i>Total Cash Receipts</i>	<u>274,274</u>	<u>613,217</u>	<u>887,491</u>
<b>Cash Disbursements</b>			
Administration	86,553	92,235	178,788
Contractual Services	16,981	433,524	450,505
Travel Reimbursement	1,318		1,318
Audit Services	1,095		1,095
<i>Total Cash Disbursements</i>	<u>105,947</u>	<u>525,759</u>	<u>631,706</u>
<i>Net Change in Fund Cash Balances</i>	168,327	87,458	255,785
<i>Fund Cash Balances, July 1</i>	<u>2,135</u>	<u>123,938</u>	<u>126,073</u>
<i>Fund Cash Balances, June 30</i>	<u>\$170,462</u>	<u>\$211,396</u>	<u>\$381,858</u>

*See accompanying notes to the financial statements*

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

---

### **Note 1 - Reporting Entity**

Ohio Rev. 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 Rev. 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 Rev. Code Section 3301.32;
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

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

---

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 statements consist of a combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) which is organized on a fund type basis.

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

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

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

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

---

---

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. 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.

***Multi-System Youth Fund*** This fund receives state funding monies to provide a portion of the salary, fringe benefits, and travel expenses necessary to fund the County FCFC coordinator, parental involvement, administrative support, stipends to parental members that serve on Council, and/or technical assistance.

### ***Administrative/Fiscal Agent***

Ohio Rev. 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 Huron County Job and Family Services. The Council authorizes Huron County Job and Family Services, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Huron County Job and Family Services agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

### ***Budgetary Process***

A Family and Children First Council established under Ohio Rev. Code Section 121.37 is not a taxing authority and is not subject to Ohio Rev. Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with their administrative agent. The Council filed an estimate of financial resources and an appropriation measure with Huron County Job and Family Services as required by Ohio law.

***Appropriations*** The Council annually approves an appropriation measure and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Council approves estimated resources.

A summary of 2021 budgetary activity appears in Note 3.

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

---

### ***Deposits and Investments***

The Council designated Huron County Job and Family Services as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Huron County Treasurer and fund expenditures and balances are reported through the Huron County Auditor. Deposits and investments are made in accordance with the Ohio Revised Code and are valued at the Huron County Treasurer'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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

***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.

**Huron County Family and Children First Council**

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

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 fiscal year ended June 30, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$314,176	\$274,274	(\$39,902)
Special Revenue	501,649	613,217	111,568
Total	<u>\$815,825</u>	<u>\$887,491</u>	<u>\$71,666</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$361,262	\$105,947	\$255,315
Special Revenue	469,604	525,759	(56,155)
Total	<u>\$830,866</u>	<u>\$631,706</u>	<u>\$199,160</u>

**Note 4 - Deposits and Investments**

Huron County Job and Family Services, as fiscal agent for the Council, maintains a cash and investments pool used by all of Huron County Job and Family Services funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Huron County Treasurer is responsible for compliance. The carrying amount of deposits and investments at June 30, 2021 was \$381,858.

The Huron County Treasurer 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 Huron County Treasurer.

**Note 5 - Risk Management**

***Commercial Insurance***

The Council is insured for general liability and casualty by the Huron County Commissioners.

Settled claims have not exceeded the commercial coverage in any of the last three years.

There has not been a significant reduction in this coverage from the prior year.

## **Huron County Family and Children First Council**

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2021*

---

### **Note 6 - Defined Benefit Pension Plan**

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

The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2021.

### **Note 7 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during 2021.

### **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 - Fund Balances**

The fund balance of special revenue funds is restricted.

### **Note 10 - 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. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may 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.

### **Note 11 - Change in Accounting Principle**

For 2021, the Council has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

**Huron County Family and Children First Council**

*Huron County*

*Combined Statement of Receipts, Disbursements,  
and Changes in Fund Balances (Regulatory Cash Basis)*

*All Governmental Fund Types*

*For the Fiscal Year Ended June 30, 2020*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Intergovernmental	\$41,586	\$290,208	\$331,794
Miscellaneous	2,721		2,721
<i>Total Cash Receipts</i>	<u>44,307</u>	<u>290,208</u>	<u>334,515</u>
<b>Cash Disbursements</b>			
Administration	19,061	55,571	74,632
Contractual Services	54,367	223,181	277,548
Travel Reimbursement	587		587
Audit Services	433		433
<i>Total Cash Disbursements</i>	<u>74,448</u>	<u>278,752</u>	<u>353,200</u>
<i>Net Change in Fund Cash Balances</i>	(30,141)	11,456	(18,685)
<i>Fund Cash Balances, July 1</i>	<u>32,276</u>	<u>112,482</u>	<u>144,758</u>
<b>Fund Cash Balances, June 30</b>			
Restricted		162,199	162,199
Assigned	2,135		2,135
Unassigned (Deficit)		(38,261)	(38,261)
<i>Fund Cash Balances, June 30</i>	<u>\$2,135</u>	<u>\$123,938</u>	<u>\$126,073</u>

*See accompanying notes to the financial statements*



## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

### **Note 1 - Reporting Entity**

Ohio Rev. 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 Rev. 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 Rev. Code Section 3301.32;
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

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

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) which is organized on a fund type basis.

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

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

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

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes. The Council had the following significant Special Revenue Fund:

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

### ***Administrative/Fiscal Agent***

Ohio Rev. 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 Huron County Job and Family Services. The Council authorizes Huron County Job and Family Services, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Huron County Job and Family Services agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

### ***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

### ***Budgetary Process***

A Family and Children First Council established under Ohio Rev. Code Section 121.37 is not a taxing authority and is not subject to Ohio Rev. 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 Huron County Job and Family Services as required by Ohio law.

***Appropriations*** The Council annually approves an appropriation measure and subsequent amendments. Appropriations lapse at year-end.

***Estimated Resources*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The Council approves estimated resources.

A summary of 2020 budgetary activity appears in Note 3.

## Huron County Family and Children First Council

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

### ***Deposits and Investments***

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

## Huron County Family and Children First Council

Huron County

Notes to the Financial Statements

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 fiscal year ended June 30, 2020, follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,750	\$44,307	(\$14,443)
Special Revenue	360,534	290,208	(70,326)
Total	<u>\$419,284</u>	<u>\$334,515</u>	<u>(\$84,769)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,450	\$74,448	(\$22,998)
Special Revenue	355,524	278,752	76,772
Total	<u>\$406,974</u>	<u>\$353,200</u>	<u>\$53,774</u>

### Note 4 - Deposits and Investments

Huron County Job and Family Services, as fiscal agent for the Council, maintains a cash and investments pool used by all of Huron County Job and Family Services funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Huron County Treasurer is responsible for compliance. The carrying amount of deposits and investments at June 30, 2020 was \$126,073.

The Huron County Treasurer 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 Huron County Treasurer.

### Note 5 - Risk Management

#### Commercial Insurance

The Council is insured for general liability and casualty by the Huron County Commissioners.

Settled claims have not exceeded the commercial coverage in any of the last three years.

There has not been a significant reduction in this coverage from the prior year.

## **Huron County Family and Children First Council**

*Huron County*

*Notes to the Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

---

### **Note 6 - Defined Benefit Pension Plan**

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

The Ohio Revised Code also prescribes contribution rates. For 2020, OPERS members contributed 10 percent of their gross salaries, and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2020.

### **Note 7 - Postemployment Benefits**

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

### **Note 10 - Deficit Fund Balance**

The MHAS Fund reported a deficit fund balance at June 30, 2020 in the amount of \$38,261. The deficit fund balance resulted from timing differences associated with the disbursement of funds prior to receipt of reimbursements from grantor agencies. The General Fund is liable for any deficits in the MHAS Grant Fund.

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Huron County Family and Children First Council  
Huron County  
185 Shady Lane Drive  
Norwalk, Ohio 44857

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended June 30, 2021 and for each governmental fund type as of and for the year ended June 30, 2020, and related notes of Huron County Family and Children First Council, Huron County, Ohio, (the Council) and have issued our report thereon dated May 26, 2022, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent period 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 2021-001 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 the 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

May 26, 2022



**HURON COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
HURON COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2021-001**

**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.

Special Revenue Fund Type budgeted receipts and appropriation authority were decreased in the amounts of \$192,825 and \$157,784, respectively, in order to bring the amounts reported in the Budgetary Activity Note to the financial statements in line with authorized budget amounts for the fiscal year ended June 30, 2021.

Also identified were the following errors requiring adjustment to the financial statements and notes to the financial statements for the fiscal year ended June 30, 2020:

- General Fund appropriation authority was decreased in the amount of \$80,468 in order to bring the amount reported in the Budgetary Activity Note to the financial statements in line with the authorized budget amount;
- General Fund intergovernmental receipts in the amount of \$11,133 were incorrectly classified as miscellaneous receipts; and
- Special Revenue Type Fund deficit restricted fund balance in the amount of \$38,261 was reclassified to unassigned (deficit) in accordance with the provisions of Government Accounting Standard Board Statement No. 54 (GASB Cod 1800.165 -.179).

These errors were not identified and corrected prior to the Council preparing its financial statements and notes to the financial statements due to deficiencies in the Council's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$2,000 to \$49,757 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 and to help identify and correct errors and omissions, the Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the administrative agent and the Director.

**Officials' Response:**

Huron County Family and Children First Council and Huron County Department of Job and Family Services recognize this weakness within the monthly/annual financial reporting provided by Huron County Family and Children First Council, not the Huron County Department of Job and Family Services as the Fiscal Agent. The Huron County Children First Council has its own fund within Huron County Financials.

Moving forward Huron County Children First Council will work with Huron County Department of Job and Family Services balancing their report monthly with what's provided by the Huron County Auditor's Office reports.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material weakness for errors in financial reporting, initially reported as Finding 2013-001.	Not corrected and reissued as Finding 2021-001 in this report.	This matter was not corrected due to deficiencies in the Council's internal controls over financial reporting. Moving forward Huron County Children First Council will work with Huron County Department of Job and Family Services balancing their report monthly with what's provided by the Huron County Auditor's Office reports.

# OHIO AUDITOR OF STATE KEITH FABER



**HURON COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**HURON 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 6/14/2022**

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)