



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Family and Children First Council  
Noble County  
P.O. Box 250  
Caldwell, Ohio 43724

To the Members of the Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Family and Children First Council, Noble County, Ohio (the Council), as of and for the years ended December 31, 2018 and 2017.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Council as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Family and Children First Council, Noble County, Ohio, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2019, 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

August 15, 2019

**Noble County Family and Children First Council***Noble County**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2018*

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Intergovernmental:			
Grants	\$15,750	\$143,485	\$159,235
Other	175	0	175
<i>Total Cash Receipts</i>	<u>15,925</u>	<u>143,485</u>	<u>159,410</u>
<b>Cash Disbursements</b>			
Current:			
FCFC:			
Salaries	9,359	7,374	16,733
Fringe	1,715	1,139	2,854
Contracts	800	84,527	85,327
Travel	218	0	218
Utilities & Building Expense	860	0	860
Supplies	152	10,679	10,831
Other	119	0	119
<i>Total Cash Disbursements</i>	<u>13,223</u>	<u>103,719</u>	<u>116,942</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,702</u>	<u>39,766</u>	<u>42,468</u>
<i>Fund Cash Balances, January 1</i>	<u>10,926</u>	<u>22,111</u>	<u>33,037</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted	0	61,877	61,877
Unassigned (Deficit)	13,628	0	13,628
<i>Fund Cash Balances, December 31</i>	<u>\$13,628</u>	<u>\$61,877</u>	<u>\$75,505</u>

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

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**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018**

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**Note 1 – Reporting Entity**

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

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

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14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

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

**Special Revenue Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

**EI Outreach Fund** This fund receives state and federal grant monies restricted for the purpose of the grant provisions.

**Special Education Grant – Infants and Families (EI-Part C) Fund** This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

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

**NCDD Grant Fund** This fund receives local grant monies restricted for the purpose of the grant provision.

**Pooled Fund** This fund receives local grant monies restricted for the purpose of the grant provisions.

**Administrative/Fiscal Agent**

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

**Basis of Accounting**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

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***Budgetary Process***

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into two 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:

***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.

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

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,550	\$15,925	\$5,375
Special Revenue	97,332	143,485	46,153
Total	\$107,882	\$159,410	\$51,528

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,153	\$13,223	\$3,930
Special Revenue	123,718	103,719	19,999
Total	\$140,871	\$116,942	\$23,929

**Note 4 – Deposits and Investments**

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

Demand Deposits	2018
	\$75,505

This fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent’s pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

**Note 5 – Risk Management**

The Council is exposed to various risks of property and casualty losses, and injuries to employees. The Council insures through the County against injuries to employees through the Ohio Bureau of Worker’s Compensation.

*A. Buckeye Joint-County Self-Insurance Council*

The Buckeye Joint-County Self-Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton and Washington Counties and was formed as an insurance purchasing pool for the purpose of providing general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources the organization base on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board.

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

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Noble County does not have any ongoing interest or responsibility in the organization.

*Ohio Government Risk Management Plan*

The Buckeye Joint-County Self-Insurance Council belongs to the Ohio Government Risk Management Plan; an unincorporated non-profit association with approximately 500 public entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. The Plan retains a small portion of the risk as identified in the Plan's financials presented on the website at [www.ohioplan.com](http://www.ohioplan.com). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

*B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan*

For 2018, the County participated in the County Commissioners' Association of Ohio Worker's Compensation Group Rating Plan (Plan) provided by the County Commissioners' Association of Ohio, a workers' compensation insurance purchasing pool. The intent of the Plan is to achieve lower workers' compensation rates while establishing safe working conditions and environments for the participants.

The workers' compensation experience of the participating counties is calculated as one experience and a common premium rate is applied to all counties in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, annually the Plan's executive committee calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to counties that can meet the Plan's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the Plan. The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows representatives of the Plan to access loss experience for three years following the last year of participation. The County's contribution to the pool for 2016 was \$51,387.

**Note 6 – Defined Benefit Pension Plan**

The Council's employee belongs 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 healthcare and survivor and disability benefits.

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

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The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries.

The Council has paid all contributions required through December 31, 2018.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 8 – Contingent Liabilities**

Management is not aware of any pending litigation against the Council.

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.

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**Noble County Family and Children First Council**  
*Noble County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Intergovernmental:			
Grants	\$15,750	\$122,528	\$138,278
Other	102	640	742
<i>Total Cash Receipts</i>	<u>15,852</u>	<u>123,168</u>	<u>139,020</u>
<b>Cash Disbursements</b>			
Current:			
FCFC:			
Salaries	11,593	3,756	15,349
Fringe	2,058	580	2,638
Contracts	1,050	112,340	113,390
Travel	302	0	302
Utilities & Building Expense	700	0	700
Supplies	344	7,705	8,049
Other	5,346	0	5,346
<i>Total Cash Disbursements</i>	<u>21,393</u>	<u>124,381</u>	<u>145,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,541)</u>	<u>(1,213)</u>	<u>(6,754)</u>
<i>Fund Cash Balances, January 1</i>	<u>16,467</u>	<u>23,324</u>	<u>39,791</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted	0	22,111	22,111
Unassigned (Deficit)	10,926	0	10,926
<i>Fund Cash Balances, December 31</i>	<u>\$10,926</u>	<u>\$22,111</u>	<u>\$33,037</u>

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

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**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017**

---

**Note 1 – Reporting Entity**

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

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

---

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).

***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:

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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

**Special Revenue Funds** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Council had the following significant Special Revenue Funds:

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

**Special Education Grant – Infants and Families (HMG-Part C) Fund** This fund receives federal grant monies restricted for expectant parents; newborns and their families; and infants and toddlers at risk for or with developmental delays and disabilities and their families.

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

**Engage – DODD Grant Fund** This fund receives state and local grant monies restricted for the purpose of the grant provision.

**Respite Grant Fund** This fund receives local grant monies restricted for the purpose of the grant provisions.

**Administrative/Fiscal Agent**

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

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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***Budgetary Process***

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Fund Balance***

Fund balance is divided into two 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:

***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.

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

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

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$15,852	\$15,852
Special Revenue	137,889	123,168	(14,721)
Total	\$137,889	\$139,020	\$1,131

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,857	\$21,393	\$2,464
Special Revenue	153,822	124,381	29,441
Total	\$177,679	\$145,774	\$31,905

**Note 4 – Deposits and Investments**

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

	2017
Demand Deposits	\$33,037

This fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent’s pooled and deposit accounts. All risks associated with the above deposits are the responsibility of the fiscal agent.

**Note 5 – Risk Management**

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 belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017.

	<b><u>2017</u></b>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Council's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>
<u>2017</u>
\$5,617

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution.

Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



**FAMILY AND CHILDREN FIRST COUNCIL  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2017  
(Continued)**

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**Note 6 – Defined Benefit Pension Plan**

The Council's employee belongs 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10% of their gross salaries and the Council contributed an amount equaling 14% of participants' gross salaries. The Council has paid all contributions required through December 31, 2017.

**Note 7 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, that includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 8 – Contingent Liabilities**

Management is not aware of any pending litigation against the Council.

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.

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# OHIO AUDITOR OF STATE KEITH FABER



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SoutheastRegion@ohioauditor.gov

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

Family and Children First Council  
Noble County  
P.O. Box 250  
Caldwell, Ohio 43724

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Family and Children First Council, Noble County, Ohio (the Council), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated August 15, 2019 wherein we noted the Council followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Council's internal control over financial reporting (internal control) to determine the 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 determination of financial statement amounts.

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***

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

August 15, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**NOBLE COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**NOBLE COUNTY**

## **CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 29, 2019**