



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry County Family and Children First Council
Perry County
212 South Main Street
New Lexington, Ohio 43764

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 Perry County Family and Children First Council, Perry 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 Code § 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 Perry County Family and Children First Council, Perry 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 November 6, 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

November 6, 2019

PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY, OHIO

*Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$68,188	\$212,909	\$281,097
Rent Income	0	25,531	25,531
Local Contributions	6,960	0	6,960
Intergovernmental Loan	15,000	0	15,000
Miscellaneous	35	40	75
<i>Total Cash Receipts</i>	<u>90,183</u>	<u>238,480</u>	<u>328,663</u>
Cash Disbursements			
FCSS	49,555	0	49,555
Contractual Services	13,475	2,751	16,226
Personnel	0	200,532	200,532
Travel Reimbursements	0	9,439	9,439
Supplies and Materials	974	1,171	2,145
Equipment	0	287	287
Outreach	0	2,708	2,708
Repairs	0	100	100
Building Expense	0	23,575	23,575
Liability Insurance	0	859	859
Telephone	0	2,200	2,200
Other	4,198	2,515	6,713
Repayment of Loan	15,000	0	15,000
<i>Total Cash Disbursements</i>	<u>83,202</u>	<u>246,137</u>	<u>329,339</u>
<i>Net Change in Fund Cash Balances</i>	6,981	(7,657)	(676)
<i>Fund Cash Balances, January 1, 2017</i>	<u>10,824</u>	<u>209,467</u>	<u>220,291</u>
Fund Cash Balances, December 31			
Restricted	0	201,810	201,810
Assigned	7,371	0	7,371
Unassigned	10,434	0	10,434
<i>Fund Cash Balances, December 31, 2016</i>	<u>\$17,805</u>	<u>\$201,810</u>	<u>\$219,615</u>

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

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Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

13. A representative of the County's Early Intervention collaborative established pursuant to the federal early intervention program operated under the "Individuals with Disabilities Education Act of 2004"; and
14. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

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

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

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

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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:

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

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

Help Me Grow Grant Fund This fund receives state and federal grant monies restricted for the purpose of the grant provisions, which includes providing families with services and support such as home visits.

Administrative/Fiscal Agent

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

Basis of Accounting

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

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The council estimates revenue and expenditures for the year and submits these estimates to the Perry County Board of Developmental Disabilities, and it is included in the annual budgets submitted to the Perry County Auditor. The Council and Board approve changes made through their approval of vouchers and financial statements throughout the year.

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Council designated the Perry County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Perry County Treasurer and fund expenditures and balances are reported through the Perry 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.

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.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

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.

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 – Compliance

Budgetary expenditures in the General Fund exceeded appropriation authority by \$14,450. Actual receipts were less than budgeted receipts in the Special Revenue fund; however, the fund maintained a positive cash balance at December 31, 2018.

Note 4 – 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	\$62,220	\$90,183	\$27,963
Special Revenue	244,839	238,480	(6,359)
Total	<u>\$307,059</u>	<u>\$328,663</u>	<u>\$21,604</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$73,559	\$88,009	(\$14,450)
Special Revenue	308,479	257,755	50,724
Total	<u>\$382,038</u>	<u>\$345,764</u>	<u>\$36,274</u>

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 5 – Deposits and Investments

The Perry County Board of DD, as fiscal agent for the Council, maintains a cash and investments pool used by all of Perry County's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Perry County Treasurer is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$219,615.

Note 6 – Risk Management

The Council is insured through the Perry County Commissioners for the following risks:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Law Enforcement Liability
- Errors and Omissions Liability

Note 7 – Defined Benefit Pension Plans

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, 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 December 31, 2018.

Note 8 – 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 calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2018.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 9 – Construction and Contractual Commitments

The Perry County Family & Children First Council had no potentially significant outstanding construction or other contractual commitments for the year ended December 31, 2018.

Note 10 – 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 11 – Related Party Transactions

The Perry County Family & Children First Council had no related party transactions for the year ended December 31, 2018.

Note 12 – Subsequent Events

As of July 1, 2019 the Administrative/Fiscal Agent changed from the Perry County Board of Developmental Disabilities to the Perry County Department of Jobs and Family Services. The Perry County Family & Children First Council had no other subsequent events for the year ended December 31, 2018.

Note 13 – Intergovernmental Loan

During 2018, the Perry County Commissioner's loaned the Perry County Family & Children First Council \$15,000 to cover operating expenses. The Council repaid the County in November 2018. This loan and repayment is shown on the financial statements as an Intergovernmental Loan and Repayment of Loan in the amount of \$15,000.

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PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY, OHIO

*Combined Statement of Cash Receipts, Cash Disbursements
and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2017*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Intergovernmental	\$39,934	\$237,640	\$277,574
Rent Income	0	24,787	24,787
Local Contributions	0	58,921	58,921
Intergovernmental Loan	15,000	0	15,000
Miscellaneous	25	810	835
<i>Total Cash Receipts</i>	<u>54,959</u>	<u>322,158</u>	<u>377,117</u>
Cash Disbursements			
FCSS	40,413	0	40,413
Contractual Services	14,562	5,495	20,057
Housing Coalition	555	0	555
Personnel	0	186,111	186,111
Travel Reimbursements	0	8,994	8,994
Supplies and Materials	0	2,609	2,609
Equipment	0	4,735	4,735
Outreach	0	2,438	2,438
Repairs	0	5,894	5,894
Building Expense	0	17,365	17,365
Liability Insurance	0	1,001	1,001
Telephone	0	2,307	2,307
Other	1,376	2,629	4,005
Repayment of Loan	15,000	0	15,000
<i>Total Cash Disbursements</i>	<u>71,906</u>	<u>239,578</u>	<u>311,484</u>
<i>Net Change in Fund Cash Balances</i>	(16,947)	82,580	65,633
<i>Fund Cash Balances, January 1, 2017</i>	<u>27,771</u>	<u>126,887</u>	<u>154,658</u>
Fund Cash Balances, December 31			
Restricted	0	209,467	209,467
Assigned	9,428	0	9,428
Unassigned	1,396	0	1,396
<i>Fund Cash Balances, December 31, 2016</i>	<u>\$10,824</u>	<u>\$209,467</u>	<u>\$220,291</u>

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

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Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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3. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each City or General Health District in the County. If the County has two or more health districts, the Health Commissioner membership may be limited to the Commissioners of the two districts with the largest populations;
4. The Director of the County Department of Job and Family Services;
5. The Executive Director of the public children services agency or the County agency responsible for the administration of children services pursuant to the Ohio Revised Code Section 5153.15;
6. The Superintendent of the County Board of Developmental Disabilities or if the Superintendent serves as Superintendent as more than one County Board of Developmental Disabilities, the Superintendent's designee;
7. The Superintendent of the city, exempted village, or local school district with the largest number of pupils residing in the County, as determined by the Ohio Department of Education, which shall notify each County of its determination at least biennially;
8. A School Superintendent representing all other school districts with territory in the County, as designated at a biennial meeting of the superintendents of those districts;
9. A representative of the municipal corporation with the largest population in the County;
10. The President of the Board of County Commissioners or an individual designated by the Board;
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Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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Administrative/Fiscal Agent

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

Basis of Accounting

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

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

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Budgetary Process

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and is not subject to Ohio Revised Code Chapter 5705. As of October 1, 1997, all Family and Children First Councils are required to file an annual budget with its administrative agent. The council estimates revenue and expenditures for the year and submits these estimates to the Perry County Board of Developmental Disabilities, and it is included in the annual budgets submitted to the Perry County Auditor. The Council and Board approve changes made through their approval of vouchers and financial statements throughout the year.

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The Council designated the Perry County Auditor as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with the Perry County Treasurer and fund expenditures and balances are reported through the Perry 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

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.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

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.

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 – Compliance

Budgetary expenditures in the General Fund exceeded appropriation authority by \$15,000. While actual receipts were less than budgeted receipts in both the General and Special funds, both funds maintained a positive cash balance at December 31, 2017.

Note 4 – 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	\$62,720	\$54,959	(\$7,761)
Special Revenue	325,745	322,158	(3,587)
Total	\$388,465	\$377,117	(\$11,348)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,671	\$74,671	(\$15,000)
Special Revenue	311,180	243,106	68,074
Total	\$370,851	\$317,777	\$53,074

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 5 – Deposits and Investments

The Perry County Board of DD, as fiscal agent for the Council, maintains a cash and investments pool used by all of Perry County’s funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Perry County Treasurer is responsible for compliance. The carrying amount of deposits and investments at December 31 was \$220,291.

Note 6 – Risk Management

Commercial Insurance

The Council is insured through the Perry County Commissioners for the following risks:

- Property
- Equipment Breakdown
- Crime
- General Liability
- Cyber Liability
- Automobile Liability
- Law Enforcement Liability
- Errors and Omissions Liability

Note 7 – Defined Benefit Pension Plans

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, 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 December 31, 2017.

Note 8 – 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 1 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4 percent during calendar year 2017.

Perry County Family and Children First Council

Perry County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 9 – Construction and Contractual Commitments

The Perry County Family & Children First Council has no potentially significant outstanding construction or other contractual commitments.

Note 10 – 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 11 – Related Party Transactions

The Perry County Family & Children First Council had no related party transactions for the year ended December 31, 2017.

Note 12 – Subsequent Events

The Perry County Family & Children First Council had no subsequent events for the year ended December 31, 2017.

Note 13 – Intergovernmental Loan

During 2017, the County Commissioner's loaned the Perry County Family & Children First Council \$15,000 to cover operating expenses. The Council repaid the County in October 2017. This loan and repayment is shown on the financial statements as an Intergovernmental Loan and Repayment of Loan in the amount of \$15,000.

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OHIO AUDITOR OF STATE KEITH FABER



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

Perry County Family and Children First Council
Perry County
212 South Main Street
New Lexington, Ohio 43764

To the Members of the Council

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Perry County Family and Children First Council, Perry 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 November 6, 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. 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 2018-001 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 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*.

Council's Response to Finding

The Council's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not subject the Council's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 6, 2019

**PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2018-001

Material Weakness

In our audit engagement letter, as required by AU-C § 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 § 210 paragraphs .A14 and .A16.

Furthermore, Auditor of State Bulletin 2015-007, states the notes to the financial statements, and all other components, are required to be included in the financial statements filed with the Auditor of State via the Hinkle System. The notes to the financial statements should include all pertinent information relating to the audit and be in a format that contains accurate and current information.

For the fiscal years ending December 31, 2018 and 2017, the following misstatement was noted each year:

- A loan from the Perry County Commissioners and its subsequent repayment of \$15,000 was recorded as an Intergovernmental Receipt and Other Disbursement rather than Intergovernmental Loan and Repayment of Loan.

In addition, for the fiscal year ending December 31, 2017, the following additional misstatements were noted:

- TANF receipts of \$85,000 were improperly recorded as Local Contributions rather than Intergovernmental.
- Local grants, totaling \$58,921, were improperly recorded as Miscellaneous rather than Local Contributions.

Additionally, we noted the Village's footnotes to the financial statements included material errors in budgeted receipts and appropriation authority amounts disclosed, failed to disclose the intergovernmental loans from the County and also contained other miscellaneous immaterial errors.

As a result of the above mentioned items, audit adjustments, to which management has agreed, are reflected in the accompanying financial statements. Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Council's financial information.

The Fiscal Officer should take additional care in posting transactions to the Council's ledgers and annual financial report in order to ensure the Council's year-end financial statements reflect the appropriate sources and uses of the Council's receipts and disbursements. Additionally, the Fiscal Officer should utilize the Auditor of State website to access resources to assist in accurate completion of the notes to the financial statements.

Officials' Response: Response provided by previous Fiscal Agent that was responsible for the financials in 2017 and 2018:

- \$15,000 loan from Perry County Commissioners- I entered revenue and expenses in the existing lines of the financial statement document. I was not aware that I could add additional lines, so I made what I had to report "fit" into the existing lines using my best judgement. There were no lines for "Intergovernmental Loan" and "Repayment of Loan", which is where the auditors recommended that they be recorded.

**PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

Officials' Response (Continued):

- \$85,000 TANF – Recorded as “Local Contributions” in 2017, but I corrected to “Intergovernmental” in 2018.
- \$58,921 local grants – I recorded as “Miscellaneous” because I did not consider these “local” funds. I think of “local funds” as funds coming from within Perry County. I’m not sure how it is defined for the purposes of this reporting or where to find that definition.

All errors in reporting were unintentional and occurred due to my lack of training, knowledge and experience.

Perry County JFS – Current Fiscal Agent:

We will be working on a breakdown of all receipts and expenditures and posting transactions to specific lines to ensure that the year-end financial statements reflect the appropriate sources and uses of the Council’s receipts and expenditures.

We also plan to utilize the Auditor of State’s website to access resources as recommended.

OHIO AUDITOR OF STATE KEITH FABER



PERRY COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PERRY 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
NOVEMBER 26, 2019**