



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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OTTAWA COUNTY FAMILY AND CHILDREN FIRST COUNCIL  
OTTAWA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Members of Council  
Ottawa County Family and Children First Council  
315 Madison Street, Room 103  
Port Clinton, OH 43452-1993

We have reviewed the *Independent Auditor's Report* of the Ottawa County Family and Children First Council, Ottawa County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ottawa County Family and Children First Council is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 07, 2023

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**OTTAWA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**  
**OTTAWA COUNTY**

*For the Years Ended December 31, 2022 and 2021*  
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**INDEPENDENT AUDITOR'S REPORT**

Ottawa County Family and Children First Council  
Ottawa County  
315 Madison Street, Room 103  
Port Clinton, Ohio 43452-1993

To the Members of Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Ottawa County Family and Children First Council, Ottawa County, Ohio (the Council), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Council, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Council on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

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

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.



- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's 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.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
August 31, 2023

**Ottawa Family and Children First Council**  
*Ottawa County, Ohio*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2022**

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Intergovernmental	\$ 19,350	\$ 392,989	\$412,339
Local Contributions	35,939	0	35,939
<i>Total Cash Receipts</i>	<u>55,289</u>	<u>392,989</u>	<u>448,278</u>
<b>Cash Disbursements</b>			
Personal Services	17,191	85,315	102,506
Contractual Services	0	324,761	324,761
Supplies and Materials	1,088	0	1,088
Other	12,585	0	12,585
<i>Total Cash Disbursements</i>	<u>30,864</u>	<u>410,076</u>	<u>440,940</u>
<i>Net Change in Fund Cash Balances</i>	24,425	(17,087)	7,338
<i>Fund Cash Balances, January 1</i>	<u>112,054</u>	<u>204,485</u>	<u>316,539</u>
<i>Fund Cash Balances, December 31</i>	<u>\$136,479</u>	<u>\$187,398</u>	<u>\$323,877</u>

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

**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

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

1. At least three individuals representing the interest of families in the County. Where possible, the number of members representing families shall be equal to twenty percent of the Council's remaining membership;
2. The Director of the Board of Alcohol, Drug Addiction, and Mental Health Services that serves the County, or, in the case of a County that has a Board of Alcohol and Drug Addiction Services and a Community Mental Health Board, the Directors of both Boards. If a Board of Alcohol, Drug Addiction 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 Commissioners 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 Superintendents' 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;

**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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

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

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

1. Referrals to the Cabinet Council of those children for whom the County Council cannot provide adequate services;
2. Development and implementation of a process that annually evaluates and prioritizes services, fills service gaps where possible, and invents new approaches to achieve better results for families and children;
3. Participation in the development of 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).

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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:

***Communities of Support*** – This fund receives State grant funding for the necessary supports needed to create system-wide Level of Care Assessments for children at risk of, or who are placed in residential facilities, and provide for After Care Planning for six months post discharge.

***DODD Early Intervention General Revenue Fund*** – This fund receives State and Federal grant money restricted for the purpose of the grant provisions for infants and toddlers at risk for or with developmental delays and disabilities and their families.

***DODD Early Intervention Federal FAIN*** – This fund receives Federal grant money restricted for infants and toddlers at risk for or with developmental delays and disabilities and their families.

***Family Centered Services & Supports*** – This fund receives State funds to maintain children and youth in their own homes through the provision of non-clinical, community-based services with a foundation in the System of Care Model.

***MHR SB Wraparound Expansion/DART*** – This fund received monies for the expansion of Wraparound and the creation of case management for those served by the Drug Abuse Response Team.

***Strong Families Safe Communities*** – This fund receives State funds for High Fidelity Wraparound, care coordination and crisis stabilization for youth ages 8-24, who exhibit aggressive or violent behavior and are at risk for out-of-home placement, including youth with intellectual/developmental disabilities.

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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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. Effective July 1, 2017, the Council's fiscal agent is the Ottawa County Commissioners. The Council authorizes the Ottawa County Commissioners 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 its agreements.

***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 (C). 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 (C) permit.

***Budgetary Process***

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and are 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 Ottawa County Commissioners as required by Ohio law.

A summary 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***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.

Ottawa County Family and Children First Council

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2022

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**Leases**

The Council is the Lessee in various leases (as defined by GASB 87) related to buildings and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

**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 legal or contractually required to maintain the amounts intact. For regulatory purposes, Nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Council.

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

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

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

**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 not be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2022 as follows:

**2022 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 91,817	\$ 55,289	\$ (36,528)
Special Revenue	716,677	392,989	(323,688)
Total	<u>\$ 808,494</u>	<u>\$ 448,278</u>	<u>\$ (360,216)</u>

**2022 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 239,035	\$ 30,864	\$ 208,171
Special Revenue	569,461	410,076	159,385
Total	<u>\$ 808,496</u>	<u>\$ 440,940</u>	<u>\$ 367,556</u>

**Note 4 - Deposits and Investments**

The Ottawa County Commissioners, as fiscal agent for the Council, maintains a cash and investments pool used by all of Ottawa County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Ottawa County Auditor is responsible for compliance. The carrying amount of deposits and investments as December 31, 2022 was \$323,877.

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 insured for comprehensive property, general liability and errors and omissions by the Ottawa County Commissioners.

During 2022, the Council did not pay for losses that exceeded insurance coverage.

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



**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 6 – 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2022, 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, 2022.

**Note 7 – Postemployment Benefits**

OPERS offers cost sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member –directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to the Council are subject to audit and adjustments by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 9 – Fund Balances**

The fund balance of special revenue funds is either restricted or committed.

**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2022*

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**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Council received COVID 19 funding. The financial impact of COVID 19 and the continuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues and additional recovery from emergency funding either federal or state cannot be estimated.

**Ottawa Family and Children First Council**  
*Ottawa County, Ohio*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2021**

	General	Special Revenue	Combined Total
<b>Cash Receipts</b>			
Intergovernmental	\$19,350	\$503,858	\$523,208
Local Contributions	58,042	0	58,042
<i>Total Cash Receipts</i>	<u>77,392</u>	<u>503,858</u>	<u>581,250</u>
<b>Cash Disbursements</b>			
Personal Services	17,002	83,010	100,012
Contractual Services	13,742	354,617	368,359
Supplies and Materials	7,377	0	7,377
Other	7,259	0	7,259
<i>Total Cash Disbursements</i>	<u>45,380</u>	<u>437,627</u>	<u>483,007</u>
<i>Net Change in Fund Cash Balances</i>	32,012	66,231	98,243
<i>Fund Cash Balances, January 1</i>	<u>88,043</u>	<u>130,253</u>	<u>218,296</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$120,055</u></u>	<u><u>\$196,484</u></u>	<u><u>\$316,539</u></u>

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

**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

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3. The Health Commissioner or the Commissioners 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 Superintendents' 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;

## Ottawa County Family and Children First Council

Ottawa County

Notes to the Financial Statements

For the Year Ended December 31, 2021

---

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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 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).

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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:

***DODD Early Intervention General Revenue Fund*** – This fund receives State and Federal grant money restricted for the purpose of the grant provisions for infants and toddlers at risk for or with developmental delays and disabilities and their families.

***DODD Early Intervention Federal FAIN*** – This fund receives Federal grant money restricted for infants and toddlers at risk for or with developmental delays and disabilities and their families.

***Family Centered Services & Supports*** – This fund receives State funds to maintain children and youth in their own homes through the provision of non-clinical, community-based services with a foundation in the System of Care Model.

***Strong Families Safe Communities*** – This fund receives State funds for High Fidelity Wrap Around, care coordination and crisis stabilization for youth ages 8-24, who exhibit aggressive or violent behavior and are at risk for out-of-home placement, including youth with intellectual/developmental disabilities.

***Operational Capacity Building Funds*** – This fund receives State funds to provide a portion of the salary, fringe benefits and travel expenses necessary to fund the County FCFC Coordinator, parental involvement, administrative support and/or technical assistance.

***Multi System Youth (MSY)*** – This fund receives Ohio Department of Medicaid (ODM) for multi-system youth custody relinquishment funding. The fund is requested to support children and youth who are at risk and enrolled in wraparound for custody relinquishment or have already been relinquished and need services and/or supports to transition to community and/or non-custody settings. Applications are vetted by a multisystem team composed of child/youth serving state agencies, and funding is authorized (or not authorized) by ODM.

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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. Effective July 1, 2017, the Council's fiscal agent is the Ottawa County Commissioners. The Council authorizes the Ottawa County Commissioners 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 its agreements.

***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 (C). 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 (C) permit.

***Budgetary Process***

A Family and Children First Council established under Ohio Revised Code Section 121.37 is not a taxing authority and are 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 Ottawa County Commissioners in 2021.

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***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.

**Ottawa County Family and Children First Council**

*Ottawa County*

*Notes to the Financial Statements*

*For the Year Ended December 31, 2021*

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***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 legal or contractually required to maintain the amounts intact.

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

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

***Assigned*** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by the Council, which includes giving the administrative/fiscal agent the authority to constrain monies for intended purposes.

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

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 not be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.



**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 as follows:

**2021 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 95,873	\$ 77,392	\$ (18,481)
Special Revenue	259,912	503,858	243,946
<b>Total</b>	<b>\$ 355,785</b>	<b>\$ 581,250</b>	<b>\$ 225,465</b>

**2021 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 196,016	\$ 45,380	\$ 150,636
Special Revenue	407,604	437,627	(30,023)
<b>Total</b>	<b>\$ 603,620</b>	<b>\$ 483,007</b>	<b>\$ 120,613</b>

**Note 4 – Deposits and Investments**

The Ottawa County Commissioners, as fiscal agent for the Council, maintains a cash and investments pool used by all of Ottawa County Auditor's funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Ottawa County Auditor is responsible for compliance. The carrying amount of deposits and investments as December 31, 2021 was \$316,539.

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 insured for comprehensive property, general liability and errors and omissions by the Ottawa County Commissioners.

During 2021, the Council did not pay for losses that exceeded insurance coverage.

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

**Ottawa County Family and Children First Council**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 – 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 health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2021, OPERS members contributed 10 percent of their gross salaries and the Council contributed an amount equaling 14 percent of participants' gross salaries. The Council has paid all contributions required through June 30, 2021.

**Note 7 – Postemployment Benefits**

OPERS offers cost sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, and deposits to a Health Reimbursement Arrangement, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member –directed plan was 4.0 percent during calendar year 2021 for the period of July 1, 2020 through July 1, 2021.

**Note 8 – Contingent Liabilities**

Amounts grantor agencies pay to the Council are subject to audit and adjustments by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 9 – Fund Balance**

The fund balance of special revenue funds is either restricted or committed.

**Note 10 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. The financial impact of COVID 19 and the continuing emergency measures will impact subsequent periods of the Council. The impact on the Council's future operating costs, revenues and additional recovery from emergency funding either federal or state cannot be estimated.



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

Ottawa County Family and Children First Council  
Ottawa County  
315 Madison Street, Room 103  
Port Clinton, Ohio 43452-1993

To the Members of Council:

We have audited, in accordance the with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Ottawa County Family and Children First Council, Ottawa County, (the Council) and have issued our report thereon dated August 31, 2023, wherein we noted the Council followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Council.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.  
Piketon, Ohio  
August 31, 2023

**Ottawa County Family and Children First Council**  
**Ottawa County**  
**Schedule of Findings**  
**December 31, 2022 and 2021**

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**1. SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2022-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Executive Director and the Council of the Family and Children First Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Council's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental Receipts
- Local Contributions
- Personal Services
- Contractual Services
- Supplies and Materials
- Other Financing Disbursements
- Fund Balances
- Notes disclosures required corrections and updates

Misstatements were caused as a result of failure to properly record transactions in the fiscal agent's system with identification of fund classification. The records maintained by the Council and the fiscal agent should be regularly reconciled and should be detailed enough to track financial activity by line item in each of the Council's funds.

We recommend the Council's management take steps to ensure the accurate posting of all transactions to the ledgers and the financial statements. A review should be performed over the financial statements by a competent member of management prior to filing the Council's financial statements in the Auditor of State's Hinkle System. By exercising accuracy in recording financial activity, the Council can reduce posting errors and increase the reliability of the financial data throughout the year. The Council should take steps to utilize the Auditor of State's financial statements and footnote shells, which are furnished to local governments each year via the Auditor of State's website. Furthermore, the Council may consider obtaining assistance from a competent professional in either the preparation or review of the financial statements.

**Officials' Response:** We did not receive a response from officials to this finding.

**Ottawa County Family and Children First Council**  
**Ottawa County**  
**Schedule of Prior Audit Findings**  
**December 31, 2022 and 2021**

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2020-001	Material Weakness – Financial Reporting	No	Reissued as 2022-001

# OHIO AUDITOR OF STATE KEITH FABER



**OTTAWA COUNTY FAMILY AND CHILDREN FIRST COUNCIL**

**OTTAWA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/21/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)