



OHIO AUDITOR OF STATE
KEITH FABER



**SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Sandusky County Family and Children First Council
Sandusky County
1001 Castalia Road
Fremont, Ohio 43420-4015

To the Members of 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 Sandusky County Family and Children First Council, Sandusky 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 Sandusky County Family and Children First Council, Sandusky County, Ohio as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 14, 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 14, 2019

**SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 15,750	\$ 226,699	\$ 242,449
Membership Fees	62,200	12,000	74,200
Administrative Fees	9,000		9,000
Charges for Services		20,072	20,072
<i>Total Cash Receipts</i>	<u>86,950</u>	<u>258,771</u>	<u>345,721</u>
Cash Disbursements:			
Salaries/Benefits	80,834	61,539	142,373
Travel and Training	3,275	1,447	4,722
Office Supplies	326	1,432	1,758
Contractual Services	1,337	166,279	167,616
Administrative Expense	5,838	180	6,018
<i>Total Cash Disbursements</i>	<u>91,610</u>	<u>230,877</u>	<u>322,487</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,660)</u>	<u>27,894</u>	<u>23,234</u>
Other Financing Receipts (Disbursements):			
Transfers In		6,740	6,740
Transfers Out		(6,740)	(6,740)
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	(4,660)	27,894	23,234
<i>Fund Cash Balances, January 1</i>	<u>223,686</u>	<u>89,588</u>	<u>313,274</u>
Fund Cash Balances, December 31:			
Restricted		117,482	117,482
Assigned	27,344		27,344
Unassigned	191,682		191,682
Fund Cash Balances, December 31	<u><u>\$ 219,026</u></u>	<u><u>\$ 117,482</u></u>	<u><u>\$ 336,508</u></u>

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

Sandusky County Family and Children First Council

Sandusky 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;

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

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.

Wrap Around Fund This fund accounts for and reports receipts of state monies along with charge of services restricted for services which are provided to multi-need youth and families.

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 Sandusky County. The Council authorizes Sandusky County 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. Sandusky County 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.

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 filed an estimate of financial resources and an appropriation measure with Sandusky County as required by Ohio law.

A summary of 2018 budgetary activity appears in Note 3.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

Deposits and Investments

The Council designated Sandusky County as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with Sandusky County and fund expenditures and balances are reported through Sandusky County. 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 or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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.

Sandusky County Family and Children First Council
Sandusky County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 3 – Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,950	\$86,950	(\$10,000)
Special Revenue	240,036	265,511	(\$25,475)
Total	\$316,986	\$352,461	(\$35,475)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,101	\$91,610	(\$1,509)
Special Revenue	245,161	237,617	7,544
Total	\$335,262	\$329,227	\$6,035

Note 4 – Deposits and Investments

Sandusky County, as fiscal agent for the Council, maintains a cash and investments pool used by all of Sandusky County funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Sandusky County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2018 was as follows:

	2018
Demand deposits	\$336,508

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

Note 5 – Risk Management

The Council is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, employee injuries and natural disasters. To mitigate these risks, the Council is a covered member under Sandusky County's insurance coverage policy.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omission liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected Board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at April 30, 2018.

	2018
Assets	\$123,215,884
Liabilities	(28,613,348)
Net Position	\$94,602,536

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three years.

Note 6 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. 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.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2018

(Continued)

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 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 4.0 percent during calendar year 2018.

Note 8 – Contingent Liabilities

The Council may be a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Council's financial condition.

Amounts grantor agencies pay to the Council are subject to audit and adjustment 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.

**SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Intergovernmental	\$ 15,750	\$ 252,916	\$ 268,666
Membership Fees	64,200	10,000	74,200
Administrative Fees	32,436		32,436
Charges for Services		21,858	21,858
Donations	30		30
<i>Total Cash Receipts</i>	<u>112,416</u>	<u>284,774</u>	<u>397,190</u>
Cash Disbursements:			
Salaries/Benefits	74,990	58,887	133,877
Travel and Training	3,944	1,920	5,864
Office Supplies	1,050	1,159	2,209
Contractual Services	1,013	248,818	249,831
Administrative Expense	11,217		11,217
<i>Total Cash Disbursements</i>	<u>92,214</u>	<u>310,784</u>	<u>402,998</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,202</u>	<u>(26,010)</u>	<u>(5,808)</u>
Other Financing Receipts (Disbursements):			
Transfers In		5,000	5,000
Transfers Out	(5,000)		(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>5,000</u>	
<i>Net Change in Fund Cash Balances</i>	15,202	(21,010)	(5,808)
<i>Fund Cash Balances, January 1</i>	<u>208,484</u>	<u>110,598</u>	<u>319,082</u>
Fund Cash Balances, December 31:			
Restricted		90,005	90,005
Assigned	9,634		9,634
Unassigned (deficit)	214,052	(417)	213,635
Fund Cash Balances, December 31	<u>\$ 223,686</u>	<u>\$ 89,588</u>	<u>\$ 313,274</u>

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

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2017

Note 1 – Reporting Entity

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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;
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Sandusky County Family and Children First Council

Sandusky County

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(Continued)

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Note 2 – Summary of Significant Accounting Policies

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Fund Accounting

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Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2017

(Continued)

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A summary of 2017 budgetary activity appears in Note 3.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2017

(Continued)

Deposits and Investments

The Council designated Sandusky County as the fiscal agent for all funds received in the name of the Council. Deposits of monies are made with Sandusky County and fund expenditures and balances are reported through Sandusky County. 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 or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

Nonspendable The Council classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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.

Sandusky County Family and Children First Council
Sandusky County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 3 – Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,500	\$112,416	\$84
Special Revenue	361,654	289,774	\$71,880
Total	\$474,154	\$402,190	\$71,964

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,843	\$97,214	\$1,629
Special Revenue	387,970	310,784	77,186
Total	\$486,813	\$407,998	\$78,815

Note 4 – Deposits and Investments

Sandusky County, as fiscal agent for the Council, maintains a cash and investments pool used by all of Sandusky County funds, including those of the Council. The Ohio Revised Code prescribes allowable deposits and investments and the Sandusky County Auditor is responsible for compliance. The carrying amount of deposits and investments at December 31, 2017 was as follows:

	2017
Demand deposits	\$313,274

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

Note 5 – Risk Management

The Council is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, employee injuries and natural disasters. To mitigate these risks, the Council is a covered member under Sandusky County's insurance coverage policy.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2017

(Continued)

The County is a member of County Risk Sharing Authority, Inc. (CORSA) which is a shared risk pool of sixty-one counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omission liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected Board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any one time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

CORSA's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at April 30, 2017.

	2017
Assets	\$123,062,621
Liabilities	(30,836,698)
Net Position	\$92,225,923

The County pays the State Workers' Compensation System a premium based on a rate per \$100 of employee compensation. The rate is calculated based on accident history and administrative costs.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Settled claims have not exceeded this insurance coverage in any of the past three years.

Note 6 – Defined Benefit Pension Plan

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

The Ohio Revised Code also prescribes contribution rates. 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.

Sandusky County Family and Children First Council

Sandusky County

Notes to the Financial Statements

For the Year Ended December 31, 2017

(Continued)

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 members in the Traditional Pension Plan and Combined Plan was one percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 8 – Contingent Liabilities

The Council may be a defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Council's financial condition.

Amounts grantor agencies pay to the Council are subject to audit and adjustment 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.

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

Sandusky County Family and Children First Council
Sandusky County
1001 Castalia Road
Fremont, Ohio 43420-4015

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Sandusky County Family and Children First Council, Sandusky 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 14, 2019, wherein we noted the Council followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 Findings

The Council's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Council's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 14, 2019

**SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY 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

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 requires in part, as codified at GASB Cod 1800.165 - .179, fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

Errors were noted in the financial statements, resulting in the following audit adjustments:

- Contractual services disbursements in the Help Me Grow fund were understated by \$8,081 in 2018.
- Subsequent year appropriations over estimated receipts within the General Fund of \$27,344 were improperly accounted for as unassigned rather than assigned fund balance in 2018.
- The Budgetary Activity note to the financial statements was omitted from the Council's Hinkle Annual Financial Date Reporting System filing.

These errors were the result of inadequate policies and procedures in reviewing the financial statements.

Failure to complete accurate financial statements could lead to Council Members making misinformed decisions. Additional audit adjustments were made in smaller relative amounts for additional reasons. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

To help ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Council, to identify and correct errors and omissions. Furthermore, the Fiscal Officer should review Audit Bulletin 2011-004 for information on GASB Statement No. 54, to help ensure that all accounts are being properly posted to the financial statements.

Officials' Response:

To help ensure the Council's financial statements and notes to the financial statements are complete and accurate, the Council, including the administrative agent's fiscal officer and FCFC Director will conduct a final review of the statements and notes to the financial statements to identify and correct errors and omissions. Furthermore, the Fiscal Officer will review Audit Bulletin 2011-004 for information on GASB Statement No. 54, to help ensure that all accounts are being properly posted to the financial statements.

2. OTHER – FINDING FOR RECOVERY

In addition, we identified the following other issue related to a Findings for Recovery. This issue did not impact our GAGAS report.

FINDING NUMBER 2018-002

Finding for Recovery Repaid Under Audit

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition. On September 6, 2017, grant funding intended for the Council in the amount of \$2,210 from the Ohio Department of Health was incorrectly deposited by the Sandusky County Combined General Health District.

This error was due to a deficiency in policies and procedures over the monitoring of grant receipts. Failure to properly monitor grant receipts could lead to funds being unaccounted for. The Council should develop policies and procedures, including a final review of all grant receipts to help detect and correct errors and omissions.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Sandusky County Combined General Health District for \$2,210 and in favor of Sandusky County Family and Children First Council Wrap Around fund.

On August 29, 2019, the Sandusky County Combined General Health District issued check 309852 to the Sandusky County Family and Children First Council in the amount of \$2,210.

Officials' Response:

The Council, including the FCFC Administrative Agent's fiscal officer and FCFC Director will review grant receipts on a monthly basis to help detect and correct errors and omissions.

**SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL
SANDUSKY COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness due to fund balance classification errors.	Not corrected. Repeated in this report as Finding 2018-001.	The recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accompanying notes prior to filing the Council's annual report. The Fiscal Officer will review the necessary procedures to properly record these transactions and ensure they are accounted for correctly in the future.
2016-002	Material weakness due to budgetary encumbrances not agreeing to the budgetary presentation.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



SANDUSKY COUNTY FAMILY AND CHILDREN FIRST COUNCIL

SANDUSKY 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
DECEMBER 5, 2019**