



OHIO AUDITOR OF STATE
KEITH FABER



**PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PIKE COUNTY**

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Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Pike County Family and Children First Council
Pike County
330 East North Street
Waverly, Ohio 45690

To the Council:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County Family and Children First Council, Pike County, Ohio (the Council), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County Family and Children First Council, Pike County, Ohio, as of December 31, 2018 and 2017, and the respective changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 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

June 24, 2019

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited**

The discussion and analysis of the Pike County Family and Children First Council's (the Council) financial performance provides an overview of the Council's financial activities for the year ended December 31, 2018, within the limitations of the Council's cash basis of accounting. Please read this in conjunction with the Council's financial statements that begin on page 7 and notes to the basic financial statements which begin on page 11.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased \$17,263.
- The Council receipts for 2018 were \$195,811 plus a carry-over cash balance from 2017 of \$35,623. Cash disbursements for the same period were \$178,548. The ending net position was \$52,886.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Pike County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Council, presenting an aggregate view of the Council's finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially?" The statement of net position – cash basis and the statement of activities – cash basis answer this question. These two statements report the Council's net position on a cash basis and changes in the net position. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Pike County Family and Children First Council
Management’s Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited**

In the statement of net position-cash basis and the statement of activities-cash basis, all of the Council’s activities are considered to be Governmental Activities.

- Governmental Activities – The Council’s only programs and associated services are reported here.

Reporting the Council’s Fund Financial Statements

Fund Financial Statements

The analysis of the Council’s major funds begins on page 6. Fund financial statements provide detailed information about the Council. The Council’s activities are reported in the fund financial statements, which focus on how money flows and the balances left at year-end available for spending in future periods. These fund financial statements are reported on the cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council’s mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council’s most significant funds with all other non-major funds presented in total in one column. For the Council, the General Fund, the GRF – Help Me Grow Fund, Part C – Help Me Grow Fund, and the Family Centered Services Fund are all reported as major funds.

The Council as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Council as a whole. Table 1 provides a summary of the Council’s net position for 2018 as compared to 2017.

**Table 1
Net Position**

	Governmental Activities	
	2018	2017
ASSETS:		
Equity in Pooled Cash	\$52,886	\$35,623
NET POSITION:		
Restricted for Other	34,613	31,741
Unrestricted	18,273	3,882
Total net position	\$52,886	\$35,623

Total assets and net position increased \$17,263, as cash receipts exceeded cash disbursements in 2018.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited**

Table 2 shows the changes in net position for the fiscal years 2018 and 2017.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2018	2017
CASH RECEIPTS:		
Program Cash Receipts		
Operating Grants and Contributions	\$195,811	\$198,767
Total Program Cash Receipts	195,811	198,767
General Cash Receipts		
Miscellaneous	0	20,835
Total Cash Receipts	195,811	219,602
CASH DISBURSEMENTS:		
Family Assistance:		
Salaries and Benefits	123,220	173,007
Contracts-Services	40,185	47,563
Other	15,143	4,947
Total Cash Disbursements	178,548	225,517
CHANGE IN NET POSITION	17,263	(5,915)
NET POSITION BEGINNING OF YEAR	35,623	41,538
NET POSITION END OF YEAR	\$52,886	\$35,623

Operating grants and contributions provided for 100% of total cash receipts during 2018.

Net position increased by \$17,263 during 2018 primarily because receipts exceeded disbursements. The decrease in disbursements is primarily due to a decrease of salaries and benefits being paid by the Council during the current year from grant monies received as compared to previous years.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited**

The statement of activities – cash basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by other miscellaneous receipts.

**Table 3
Governmental Activities**

	<u>Total Cost of Services - 2018</u>	<u>Net Cost of Services - 2018</u>	<u>Total Cost of Services - 2017</u>	<u>Net Cost of Services - 2017</u>
Family Assistance:				
Salaries and Benefits	\$123,220	\$ 1,539	\$173,007	\$(11,931)
Contracts - Services	40,185	17,271	47,563	(17,661)
Other	15,143	(1,547)	4,947	2,842
Total Disbursements	<u>\$178,548</u>	<u>\$ 17,263</u>	<u>\$225,517</u>	<u>\$(26,750)</u>

The Council's Fund Financial Statements

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$195,811 and disbursements of \$178,548. The financial statements had an increase in the cash balance of \$17,263 from the 2017 year-end cash balance, due to cash receipts being more than cash disbursements.

The General Fund had an increase in fund cash balance of \$14,391. The GRF – Help Me Grow Fund had a decrease in fund cash balance of \$6,473. The Part C – Help Me Grow Fund had an increase in fund cash balance of \$6,684. The Family Centered Services Fund had an increase in fund cash balance of \$3,583.

The most significant change in fund cash balance was in the General Fund. This is due to the increase of grant funds in 2018 and a decrease in contract services disbursements.

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Economic Factors

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Allen, at the Pike County Board of Developmental Disabilities, 330 East North Street, Waverly, Ohio 45690.

Pike County Family and Children First Council
Statement of Net Position - Cash Basis
As of December 31, 2018

Assets

Equity in Pooled Cash	<u>\$52,886</u>
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Total Assets	<u>52,886</u>
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Net Position

Restricted for Other Purposes	34,613
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Unrestricted	<u>18,273</u>
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Total Net Position	<u><u>\$52,886</u></u>
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See accompanying notes to the basic financial statements.

**Pike County Family and Children First Council
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u> <u>Operating Grants and</u> <u>Contributions</u>	<u>Net (Disbursements)</u> <u>Receipts and Changes</u> <u>in Net Position</u>
			<u>Governmental Activities</u>
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$123,220	\$124,759	1,539
Contracts-Services	40,185	57,456	17,271
Other	15,143	13,596	(1,547)
Total Governmental Activities	<u>\$178,548</u>	<u>\$195,811</u>	<u>17,263</u>
		General Receipts:	
		Miscellaneous	<u>0</u>
		Change in Net Position	17,263
		Net Position Beginning of Year	<u>35,623</u>
		Net Position End of Year	<u><u>\$52,886</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
As of December 31, 2018

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Basis Assets						
Equity in Pooled Cash	\$18,273	\$5,631	\$16,824	\$10,709	\$1,449	\$52,886
Total Cash Basis Assets	<u>\$18,273</u>	<u>\$5,631</u>	<u>\$16,824</u>	<u>\$10,709</u>	<u>\$1,449</u>	<u>\$52,886</u>
Cash Basis Fund Balances						
Restricted	\$0	\$5,631	\$16,824	\$10,709	\$1,449	\$34,613
Unassigned	18,273	0	0	0	0	18,273
Total Cash Basis Fund Balances	<u>\$18,273</u>	<u>\$5,631</u>	<u>\$16,824</u>	<u>\$10,709</u>	<u>\$1,449</u>	<u>\$52,886</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Grants	\$23,625	\$84,488	\$59,510	\$28,188	\$0	\$195,811
Total Cash Receipts	<u>23,625</u>	<u>84,488</u>	<u>59,510</u>	<u>28,188</u>	<u>0</u>	<u>195,811</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	0	71,075	52,145	0	0	123,220
Contract - Services	9,080	6,500	0	24,605	0	40,185
Other	154	13,386	681	0	922	15,143
Total Cash Disbursements	<u>9,234</u>	<u>90,961</u>	<u>52,826</u>	<u>24,605</u>	<u>922</u>	<u>178,548</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	14,391	(6,473)	6,684	3,583	(922)	17,263
Fund Cash Balances, January 1	<u>3,882</u>	<u>12,104</u>	<u>10,140</u>	<u>7,126</u>	<u>2,371</u>	<u>35,623</u>
Fund Cash Balances, December 31	<u>\$18,273</u>	<u>\$5,631</u>	<u>\$16,824</u>	<u>\$10,709</u>	<u>\$1,449</u>	<u>\$52,886</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Council

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
- b. 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;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and 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;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the County agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;
- h. 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 Department of Education, which shall notify each Board of County Commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. 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
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. 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;
- c. 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

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

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received and when cash is paid rather than when a liability is incurred.

The Council's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities-cash basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position – cash basis presents the financial condition of the governmental activities of the Council at year-end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Council's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general cash receipts of the Council.

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

3. 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 Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which all governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – The General Fund accounts for all financial resources except those 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 and the Charter of the Council.

GRF - Help Me Grow Fund – The GRF Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from State grant monies for early intervention programs from the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Part C - Help Me Grow Fund – The Part C Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from Federal grant monies for early intervention programs passed through the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Family Centered Services Fund – The Family Centered Services Fund is used to account for receipts received and disbursed from grant monies for the Family Centered and Support Services Program. The primary source of revenue for this fund is grant receipts.

The other governmental funds of the Council account for grants and other resources whose use is restricted to a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

7. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

B. 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 Pike County Board of Developmental Disabilities. The Council authorizes Pike County Board of Developmental Disabilities, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Pike County Board of Developmental Disabilities agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

C. Equity in Pooled Cash

The County's cash is maintained by the Board of Developmental Disabilities (DD), its statutory fiscal agent. The Pike County Auditor, the DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2018, the Council's share of the County's cash pool was as follows:

	<u>2018</u>
Equity in Pooled Cash	\$52,886

All risks associated with such deposits are the responsibility of Pike County.

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Activity

The Council files an annual estimate of expenditures with the Board of Developmental Disabilities (DD) as required by law. This estimate is adopted by the Board. The Fiscal Officer of the DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations. The Council budgets on a fiscal year ending June 30, therefore no budgetary presentation is reported in the basic financial statements.

E. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

F. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

G. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Council's \$34,613 in restricted net position, none is restricted by enabling legislation.

3. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

4. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2018, the Council was covered through Pike County who contracted with the Buckeye Joint-County Self-Insurance Council for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile - Liability	-	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$36,138,076 and other property insurance including \$1,000,000 for extra expenses.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

4. RISK MANAGEMENT (Continued)

Health insurance was provided by a private carrier, Medical Mutual of Ohio, for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

The Council through their coverage with the County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

5. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	All Other Governmental	Total Governmental Funds
Restricted for						
Other Purposes	\$0	\$5,631	\$16,824	\$10,709	\$1,449	\$34,613
Total Restricted	<u>0</u>	<u>5,631</u>	<u>16,824</u>	<u>10,709</u>	<u>1,449</u>	<u>34,613</u>
Unassigned	18,273	0	0	0	0	18,273
Total Fund Balances	<u>\$18,273</u>	<u>\$5,631</u>	<u>\$16,824</u>	<u>\$10,709</u>	<u>\$1,449</u>	<u>\$52,886</u>

6. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018**

6. DEFINED BENEFIT PENSION PLANS (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

6. DEFINED BENEFIT PENSION PLANS (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

**** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Family and Children First Council contractually required contribution was \$11,918 for the year 2018.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

7. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Family and Children First Council's contractually required contribution was \$11,918 for the year 2018.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

The discussion and analysis of the Pike County Family and Children First Council's (the Council) financial performance provides an overview of the Council's financial activities for the year ended December 31, 2017, within the limitations of the Council's cash basis of accounting. Please read this in conjunction with the Council's financial statements that begin on page 7 and notes to the basic financial statements which begin on page 11.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position decreased \$5,915.
- The Council receipts for 2017 were \$219,602 plus a carry-over cash balance from 2016 of \$41,538. Cash disbursements for the same period were \$225,517. The ending net position was \$35,623.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Council's cash basis of accounting.

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Pike County Family and Children First Council as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions on the cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole Council, presenting an aggregate view of the Council's finances. Fund financial statements provide the next level of detail. These statements tell how services were financed in the short-term as well as what remains for future spending using the cash basis of accounting.

Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Council as a Whole

Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis

While this document contains information used by the Council to provide programs and services for its service area, the view of the Council as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially?" The statement of net position – cash basis and the statement of activities – cash basis answer this question. These two statements report the Council's net position on a cash basis and changes in the net position. This change in net position is important because it tells the reader that, for the Council as a whole, the cash basis financial position of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

**Pike County Family and Children First Council
Management’s Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

In the statement of net position-cash basis and the statement of activities-cash basis, all of the Council’s activities are considered to be Governmental Activities.

- Governmental Activities – The Council’s only programs and associated services are reported here.

Reporting the Council’s Fund Financial Statements

Fund Financial Statements

The analysis of the Council’s major funds begins on page 6. Fund financial statements provide detailed information about the Council. The Council’s activities are reported in the fund financial statements, which focus on how money flows and the balances left at year-end available for spending in future periods. These fund financial statements are reported on the cash basis of accounting. The fund financial statements provide a detailed short-term view of the Council’s mental health and dependency rehabilitation operations and the services they provide. Governmental information helps you determine whether there are more or fewer cash basis financial resources that can be spent in the near future to finance mental health and dependency rehabilitation programs. The fund financial statements also look at the Council’s most significant funds with all other non-major funds presented in total in one column. For the Council, the General Fund, the GRF – Help Me Grow Fund, Part C – Help Me Grow Fund, and the Family Centered Services Fund are all reported as major funds.

The Council as a Whole

Recall that the statement of net position-cash basis provides the perspective of the Council as a whole. Table 1 provides a summary of the Council’s net position for 2017 as compared to 2016.

**Table 1
Net Position**

	Governmental Activities	
	2017	2016
ASSETS:		
Equity in Pooled Cash	\$35,623	\$41,538
NET POSITION:		
Restricted for Other	31,741	18,890
Unrestricted	3,882	22,648
Total net position	\$35,623	\$41,538

Total assets and net position decreased \$5,915, as cash disbursements exceeded cash receipts in 2017.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

Table 2 shows the changes in net position for the fiscal years 2017 and 2016.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2017	2016
CASH RECEIPTS:		
Program Cash Receipts		
Operating Grants and Contributions	\$198,767	\$189,592
Total Program Cash Receipts	198,767	189,592
General Cash Receipts		
Miscellaneous	20,835	15,011
Total Cash Receipts	219,602	204,603
CASH DISBURSEMENTS:		
Family Assistance:		
Salaries and Benefits	173,007	151,001
Contracts-Services	47,563	53,423
Other	4,947	7,039
Total Cash Disbursements	225,517	211,463
CHANGE IN NET POSITION	(5,915)	(6,860)
NET POSITION BEGINNING OF YEAR	41,538	48,398
NET POSITION END OF YEAR	\$35,623	\$41,538

Operating grants and contributions provided for 90.5% of total cash receipts during 2017.

Net position decreased by \$5,915 during 2017 primarily because disbursements exceeded receipts. The increase in disbursements is primarily due to an increase of salaries and benefits being paid by the Council during the current year from grant monies received as compared to previous years.

**Pike County Family and Children First Council
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited**

The statement of activities – cash basis shows the cost of program services and the operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, they identify the cost of those services supported by other miscellaneous receipts.

**Table 3
Governmental Activities**

	<u>Total Cost of Services - 2017</u>	<u>Net Cost of Services - 2017</u>	<u>Total Cost of Services - 2016</u>	<u>Net Cost of Services - 2016</u>
Family Assistance:				
Salaries and Benefits	\$173,007	\$(11,931)	\$151,001	\$14,874
Contracts - Services	47,563	(17,661)	53,423	6,024
Other	4,947	2,842	7,039	973
Total Disbursements	<u>\$225,517</u>	<u>\$(26,750)</u>	<u>\$211,463</u>	<u>\$21,871</u>

The Council's Fund Financial Statements

The Council's fund financial statements are accounted for using the cash basis of accounting. The fund financial statements had total receipts of \$219,602 and disbursements of \$225,517. The financial statements had a decrease in the cash balance of \$5,915 from the 2016 year-end cash balance, due to cash disbursements being more than cash receipts.

The General Fund had a decrease in fund cash balance of \$18,766. The GRF – Help Me Grow Fund had an increase in fund cash balance of \$4,472. The Part C – Help Me Grow Fund had an increase in fund cash balance of \$4,188. The Family Centered Services Fund had an increase in fund cash balance of \$3,269.

The most significant change in fund cash balance was in the General Fund. This is due to the decrease of grant funds in 2017 and an increase in contract services disbursements.

Capital Assets and Debt Administration

The Council has no capital assets and no debt.

Economic Factors

The Council will be challenged to maintain the current level of services and programs due to a stagnant receipts base and ordinary inflation. The Council and its administration must maintain careful financial planning and prudent fiscal management in order to balance the budget annually.

Contacting the Council's Financial Management

This financial report is designed to provide our citizens, taxpayers, and providers with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Allen, at the Pike County Board of Developmental Disabilities, 330 East North Street, Waverly, Ohio 45690.

Pike County Family and Children First Council
Statement of Net Position - Cash Basis
As of December 31, 2017

Assets

Equity in Pooled Cash	<u>\$35,623</u>
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Total Assets	<u>35,623</u>
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Net Position

Restricted for Other Purposes	31,741
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Unrestricted	<u>3,882</u>
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Total Net Position	<u><u>\$35,623</u></u>
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See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position
			Governmental Activities
Governmental Activities:			
Family Assistance:			
Salaries and Benefits	\$173,007	\$161,076	(11,931)
Contracts-Services	47,563	29,902	(17,661)
Other	4,947	7,789	2,842
Total Governmental Activities	<u>\$225,517</u>	<u>\$198,767</u>	<u>(26,750)</u>
		General Receipts:	
		Miscellaneous	<u>20,835</u>
		Change in Net Position	(5,915)
		Net Position Beginning of Year	<u>41,538</u>
		Net Position End of Year	<u><u>\$35,623</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Basis Assets and Cash Basis Fund Balances - Governmental Funds
As of December 31, 2017

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Basis Assets						
Equity in Pooled Cash	\$3,882	\$12,104	\$10,140	\$7,126	\$2,371	\$35,623
Total Cash Basis Assets	<u>\$3,882</u>	<u>\$12,104</u>	<u>\$10,140</u>	<u>\$7,126</u>	<u>\$2,371</u>	<u>\$35,623</u>
Cash Basis Fund Balances						
Restricted	\$0	\$12,104	\$10,140	\$7,126	\$2,371	\$31,741
Unassigned	3,882	0	0	0	0	3,882
Total Cash Basis Fund Balances	<u>\$3,882</u>	<u>\$12,104</u>	<u>\$10,140</u>	<u>\$7,126</u>	<u>\$2,371</u>	<u>\$35,623</u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	Other Governmental Funds	Total Governmental Funds
Cash Receipts:						
Grants	\$0	\$119,511	\$49,518	\$24,846	\$4,892	\$198,767
Miscellaneous	0	10,452	10,383	0	0	20,835
Total Cash Receipts	<u>0</u>	<u>129,963</u>	<u>59,901</u>	<u>24,846</u>	<u>4,892</u>	<u>219,602</u>
Cash Disbursements:						
Current:						
Salaries and Benefits	0	117,965	55,042	0	0	173,007
Contract - Services	18,766	3,250	0	21,577	3,970	47,563
Other	0	4,276	671	0	0	4,947
Total Cash Disbursements	<u>18,766</u>	<u>125,491</u>	<u>55,713</u>	<u>21,577</u>	<u>3,970</u>	<u>225,517</u>
Total Cash Receipts Over/(Under)						
Cash Disbursements	(18,766)	4,472	4,188	3,269	922	(5,915)
Fund Cash Balances, January 1	<u>22,648</u>	<u>7,632</u>	<u>5,952</u>	<u>3,857</u>	<u>1,449</u>	<u>41,538</u>
Fund Cash Balances, December 31	<u><u>\$3,882</u></u>	<u><u>\$12,104</u></u>	<u><u>\$10,140</u></u>	<u><u>\$7,126</u></u>	<u><u>\$2,371</u></u>	<u><u>\$35,623</u></u>

See accompanying notes to the basic financial statements.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY

A. Description of the Council

Ohio Rev. Code Section 121.37 created the Ohio Family and Children First Cabinet Council and required the Board of County Commissioners in each County to establish County Family and Children First Councils. A Board of County Commissioners may invite any 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 its County Council. Each County Council must include the following individuals:

- a. At least three individuals whose families are or have received services from an agency represented on the Council or another County's Council. Where possible, the number of members representing families shall be equal to twenty percent of the Council's membership;
- b. 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;
- c. The Health Commissioner, or the Commissioner's designee, of the Board of Health of each city and 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;
- d. The Director of the County Department of Job and Family Services;
- e. The Executive Director of the County agency responsible for the administration of children services pursuant to Section 5153.15 of the Revised Code;
- f. The Superintendent of the County Board of Developmental Disabilities;
- g. The County's Juvenile Court Judge senior in service or another judge of the juvenile court designated by the administrative judge, or, where there is no administrative judge, by the judge senior in service;
- h. 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 Department of Education, which shall notify each Board of County Commissioners of its determination at least biennially;
- i. 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;
- j. A representative of the municipal corporation with the largest population in the County;
- k. The President of the Board of County Commissioners, or an individual designated by the Board;
- l. A representative of the regional office of the Department of Youth Services;

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

1. DESCRIPTION OF THE COUNCIL AND REPORTING ENTITY (Continued)

- m. A representative of the County's Head Start agencies, as defined in Section 3301.31 of the Revised Code;
- n. 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
- o. A representative of a local nonprofit entity that funds, advocates, or provides services to children and families.

A County Council shall provide for the following:

- a. Referrals to the Cabinet Council of those children for whom the Council cannot provide adequate services;
- b. 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;
- c. 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";
- d. Maintenance of an accountability system to monitor the County Council's progress in achieving results for families and children; and
- e. Establishment of a mechanism to ensure ongoing input from a broad representation of families who are receiving services within the County system.

B. Reporting Entity

A reporting entity is comprised of the primary government and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Council consists of all funds and activities that are not legally separate from the Council. They comprise the Council's legal entity which provides various services including human, social, health and educational services to families and children. The Council and Coordinator have direct responsibility for these activities.

Component units are legally separate organizations for which the Council is financially accountable. The Council is financially accountable for an organization if the Council appoints a voting majority of the organization's governing board and (1) the Council is able to significantly influence the programs or services performed or provided by the organization; or (2) the Council is legally entitled to or can otherwise access the organization's resources; the Council is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Council is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Council in that the Council approves the budget, the issuance of debt, or the levying of taxes. The Council has no component units.

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

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Council's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received and when cash is paid rather than when a liability is incurred.

The Council's basic financial statements consist of government-wide statements, including a statement of net position-cash basis and a statement of activities-cash basis, and fund financial statements, which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position – cash basis and the statement of activities-cash basis display information about the Council as a whole. These statements include the financial activities of the primary government.

The statement of net position – cash basis presents the financial condition of the governmental activities of the Council at year-end. The statement of activities – cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the Council's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the Council, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing or draws from the general cash receipts of the Council.

2. Fund Financial Statements

During the year, the Council segregates transactions related to certain Council functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Council at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

3. 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 Council utilizes the governmental category of funds.

4. Governmental Funds

Governmental funds are those through which all governmental functions of the Council are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the County's major governmental funds:

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund – The General Fund accounts for all financial resources except those 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 and the Charter of the Council.

GRF - Help Me Grow Fund – The GRF Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from State grant monies for early intervention programs from the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Part C - Help Me Grow Fund – The Part C Help Me Grow (HMG) Fund is used to account for receipts received and disbursed from Federal grant monies for early intervention programs passed through the Ohio Department of Health. The primary source of revenue for this fund is grant receipts.

Family Centered Services Fund – The Family Centered Services Fund is used to account for receipts received and disbursed from grant monies for the Family Centered and Support Services Program. The primary source of revenue for this fund is grant receipts.

The other governmental funds of the Council account for grants and other resources whose use is restricted to a particular purpose.

5. Measurement Focus

The Council has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Under the Council's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

6. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

7. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Council Board. Those committed amounts cannot be used for any other purpose unless the Council Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Council for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the Council Board.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

B. 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 Pike County Board of Developmental Disabilities. The Council authorizes Pike County Board of Developmental Disabilities, as fiscal agent and administrative agent, to subcontract with, designate, and/or seek assistance from any agencies and/or organizations that it deems necessary in order to complete the obligations set forth in the agreement. Pike County Board of Developmental Disabilities agrees to be ultimately responsible for fulfilling the fiscal and administrative obligations of the agreement.

C. Equity in Pooled Cash

The County's cash is maintained by the Board of Developmental Disabilities (DD), its statutory fiscal agent. The Pike County Auditor, the DD Board's fiscal agent, maintains a cash pool used by all the County's funds, including those of the Family and Children First Council. The Ohio Revised Code prescribes allowable deposits and investments and the County is responsible for compliance. As of December 31, 2017, the Council's share of the County's cash pool was as follows:

	<u>2017</u>
Equity in Pooled Cash	\$35,623

All risks associated with such deposits are the responsibility of Pike County.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Activity

The Council files an annual estimate of expenditures with the Board of Developmental Disabilities (DD) as required by law. This estimate is adopted by the Board. The Fiscal Officer of the DD Board inputs these appropriations into the system and ensures that the Council's expenditures do not exceed appropriations. The Council budgets on a fiscal year ending June 30, therefore no budgetary presentation is reported in the basic financial statements.

E. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying basic financial statements.

F. Long-Term Debt Obligations

The Council did not have any bonds or other long-term debt obligations.

G. Net Position

These statements report restricted net position when enabling legislation or creditors, grantors, or laws or regulations of other governments have imposed limitations on their use.

The Council first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

Of the Council's \$31,741 in restricted net position, none is restricted by enabling legislation.

3. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

4. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2017, the Council was covered through Pike County who contracted with the Buckeye Joint-County Self-Insurance Council for liability, auto, and crime insurance. The program has a \$0 to \$5,000 deductible per occurrence.

Coverages provided by the program are as follows:

	<u>Aggregate</u>	<u>Each Occurrence</u>
General Liability	\$4,000,000	\$2,000,000
Public Officials	4,000,000	2,000,000
Law Enforcement	4,000,000	2,000,000
Automobile - Liability	-	2,000,000
Employee Benefits Liability	4,000,000	2,000,000

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

4. RISK MANAGEMENT (Continued)

In addition, the County maintains separate replacement cost insurance on buildings and contents in the amount of \$36,138,076 and other property insurance including \$1,000,000 for extra expenses.

Health insurance was provided by a private carrier, Medical Mutual of Ohio, for the year.

Workers' compensation benefits are provided through the State Bureau of Workers' Compensation.

The Council through their coverage with the County has not incurred significant reductions in insurance coverage from coverage in the prior year by major category of risk. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

5. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Council is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	GRF - Help Me Grow	Part C - Help Me Grow	Family Centered Services	All Other Governmental	Total Governmental Funds
Restricted for						
Other Purposes	\$0	\$12,104	\$10,140	\$7,126	\$2,371	\$31,741
Total Restricted	<u>0</u>	<u>12,104</u>	<u>10,140</u>	<u>7,126</u>	<u>2,371</u>	<u>31,741</u>
Unassigned	<u>3,882</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,882</u>
Total Fund Balances	<u>\$3,882</u>	<u>\$12,104</u>	<u>\$10,140</u>	<u>\$7,126</u>	<u>\$2,371</u>	<u>\$35,623</u>

6. NEW ACCOUNTING PRINCIPLES

For fiscal year 2017, the Council has implemented GASB Statement No. 78, Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans, GASB Statement No. 80, "Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 and GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Council.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as no-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Council.

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

6. NEW ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payment made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Council.

7. DEFINED BENEFIT PENSION PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Council employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

7. DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017**

7. DEFINED BENEFIT PENSION PLANS (Continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee ***	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits ****	1.0	0.0	0.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

- * This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- ** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- *** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- **** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Family and Children First Council contractually required contribution was \$16,829 for the year 2017.

8. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

Pike County Family and Children First Council
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

8. POSTEMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Family and Children First Council's contractually required contribution was \$16,829 for the year 2017.

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OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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

Pike County Family and Children First Council
Pike County
330 East North Street
Waverly, Ohio 45690

To the Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Pike County Family and Children First Council, Pike County, (the Council) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements and have issued our report thereon dated June 24, 2019, wherein we noted the Council uses a special purpose framework other than generally accepted accounting principles.

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 opinion 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*.

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

June 24, 2019

**PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL
PIKE COUNTY**

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

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

FINDING NUMBER 2018-001

Material Weakness

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.

We identified the following conditions related to the Council's accounting system and financial statements. These conditions were caused by deficiencies in the Council's financial statement monitoring and review process:

- Operating Grants and Contributions in the amount of \$3,033 were recorded as Contracted Services instead of Other on the Statement of Activities in 2017.
- Grant revenues in the amount of \$3,952 were recorded in the 9555 GRF Help Me Grow fund instead of the 9556 Part C Help Me Grow fund in 2017.

The Council corrected the financial statements and accounting records, where appropriate.

Failure to accurately post and report transactions could result in material errors in the Council's financial statements and reduces the Council's ability to monitor financial activity and to make sound decisions which affect the overall available cash positions of the Council.

We recommend that the Council accurately record financial transactions.

Officials' Response:

We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



PIKE COUNTY FAMILY AND CHILDREN FIRST COUNCIL

PIKE 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
JULY 30, 2019**